

COVER SHEET

C S 2 0 0 8 1 1 5 3 0 S.E.C.

Registration Number

N I C K E L A S I A C O R P O R A T I O N

(Company's Full Name)

2 8 t h F l o o r , N A C T o w e r , 3 2 n d

S t . B o n i f a c i o G l o b a l C i t y

T a g u i g C i t y

(Business Address: No. Street City/Town Province)

Atty. Barbara Anne C. Migallos
Atty. Daneia Isabelle F. Palad

Contact Person
Person

896-9357 to 59

Telephone Number of the Contact

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SEC Form 20- IS
Definitive Information Statement

Every First Friday of
June

Fiscal Year

FORM TYPE

Annual Meeting

N/A

Secondary license Type, If Applicable

M S R D

Dept. Requiring this Doc.

n/a

Amended Articles Number/Section

Amended Articles
Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU

Document I.D.

Document I.D.

Cashier

STAMPS

Remarks = Pls. use black ink for scanning purposes

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NICKEL ASIA CORPORATION
Notice of the Special Meeting of Stockholders

TO OUR STOCKHOLDERS:

Please be informed that the **Special Meeting of the Stockholders of NICKEL ASIA CORPORATION** will be held on **Tuesday, 9 October 2018, 2:00 p.m.** at the **Narra Room D, Level 4, Shangri-La at the Fort, 30th Street corner 5th Avenue, Bonifacio Global City, Taguig City** (the "Special Meeting"). The order of business thereat will be as follows:

1. Call to Order
2. Proof of Required Notice of the Meeting
3. Certification of Quorum
4. Approval of 80% Stock Dividend Declaration
5. Approval of Proposed Amendments to the Company's By-Laws
6. Other Matters
7. Adjournment

A brief statement of the rationale and explanation for each Agenda item which requires shareholders' approval is contained in Annex "A" of this Notice. The Preliminary Information Statement accompanying this Notice contains more detail regarding the rationale and explanation for each of such Agenda items.

Stockholders of record at the close of business on 11 September 2018 are entitled to notice of, and to vote at, this year's Special Meeting. Registration will commence at 1:00 p.m. on 9 October 2018 at the venue of the Special Meeting. To facilitate registration, please bring some form of identification such as driver's license or company I.D.

The Company is not soliciting proxies. Should you be unable to attend the meeting personally, you can nevertheless be represented and vote at the Special Meeting by submitting a **proxy** to the Office of the Corporate Secretary at the Company's principal office on or before **02 October 2018**, which is the deadline for submission of proxies. You may use the attached proxy form which is compliant with the requirements of the Securities and Exchange Commission ("SEC"). Proxy validation will be on **05 October 2018** at the Office of Corporate Secretary at the Company's principal office.


BARBARA ANNE C. MIGALLOS
Corporate Secretary

The Rationale and Explanation for each Agenda item requiring shareholders' approval is attached to this Notice.

The Definitive Information Statement and the Company's Second Quarter SEC Form 17-Q with the Interim Financial Statements for the quarter ended 30 June 2018, accompany this Notice.

EXPLANATION AND RATIONALE

For each item on the Agenda of the Special Meeting of Stockholders of Nickel Asia Corporation requiring the vote of stockholders

AGENDA

1. Call to Order

The Chairman will formally open the Special Meeting of Stockholders of the Company. The Directors and Officers of the Company will be introduced.

2. Proof of required notice of the meeting

The Corporate Secretary will certify that copies of this Notice and the Information Statement with its accompanying documents have been duly sent to stockholders of record as of 11 September 2018.

3. Certification of quorum

The Corporate Secretary will attest whether a quorum is present for the meeting.

4. Approval of 80% Stock Dividend Declaration

On 28 August 2018, the Board of Directors of the Corporation approved the declaration of an 80% stock dividend which will consist of 6,082,343,163 common shares to be paid to holders of common shares as of record date in proportion to their shareholdings. In view of the stock dividend declaration, there will be an adjustment to the number of shares reserved for the Company's Stock Option Plans.

Shareholders' approval of the 80% Stock Dividend declaration will be sought. More detailed information about the proposed 80% Stock Dividend Declaration is contained in Item 9, pages 17-18 of the Information Statement, while the adjustments to the number of shares reserved for the Stock Option Plans are discussed in Item 8, pages 8-17 of the Information Statement attached to this Notice. Approval will require the affirmative vote of the stockholders representing at least $\frac{2}{3}$ of the outstanding capital stock.

Resolution to be adopted:

Shareholders will vote for the approval of the 80% Stock Dividend and the corresponding adjustment to the number of shares reserved for the Stock Option Plans of the Corporation, and the concomitant waiver of pre-emptive right with respect to the additional shares of stock to be reserved for the Stock Option Plans.

5. Approval of Proposed Amendments to the Company's By-Laws

On 28 August 2018, the Board of Directors approved the following amendments to the Company's By-Laws:

- a. Revision of Article II, Section 6 to state that meetings of the stockholders shall be presided over by the Chairman of the Board, or in his absence, the Vice Chairman, or in his absence, the President.
- b. Inclusion of a new paragraph (h) under Article III, Section 1, specifying the power of the Board to appoint a chairman emeritus.
- c. Inclusion of a new Article III, Section 9 on the indemnification of directors and corporate officers. The proposed Section 9 provides for the indemnification of a director or officer, his heirs, executors and administrators against all costs and expenses reasonably incurred by such person in connection with any civil, criminal, administrative or investigative action, suit or proceeding to which he becomes, a party by reason of his being or having been a director or officer of the Corporation, except in relation to matters as to which he shall be declared by a final judgment in in such action, suit or proceeding, to be liable for gross negligence, misconduct, or breach of fiduciary duty.
- d. Inclusion of a new section in Article IV, identifying the Chairman, Vice Chairman, President, Executive Vice President, Senior Vice Presidents, Vice Presidents, Assistant Vice Presidents, Treasurer, Secretary and Assistant Secretary as the corporate officers of the Company, which new section shall be Article IV, Section 1.
- e. Renumbering of Article IV, Section 1 (Election/Appointment) as Article IV, Section 2 in view of the inclusion of the aforementioned section.
- f. Inclusion of a new section specifying the functions of the Chairman, which new section shall be Article IV, Section 3.
- g. Inclusion of a new section specifying the functions of the Vice Chairman, which new section shall be Article IV, Section 4.
- h. Renumbering of Article IV, Section 2 (President) as Article IV, Section 5 in view of the inclusion of the new Sections 3 and 4.
- i. Renumbering and amendment of Article IV, Section 4 (The Vice-President) as Article IV, Section 6, and specifying the functions of the Executive Vice President, Senior Vice Presidents, Vice Presidents, and Assistant Vice Presidents.
- j. Renumbering and amendment of Article IV, Section 5 (The Secretary) as Article IV, Section 7, and including the functions of the Assistant Secretary.

The aforementioned amendments shall hereinafter be collectively referred to as the "Amendments".

Resolution to be adopted:

Shareholders will vote for the adoption of a resolution to approve the amendment of the Company's By-Laws to incorporate the Amendments.

6. Other matters

Matters that are relevant to and appropriate for the special shareholders' meeting may be taken up. No resolution, other than the resolutions explained in the Notice and the Definitive Information Statement, will be submitted for voting by the shareholders.

7. Adjournment

Securities and Exchange Commission

SEC Form 20-IS

Information Statement
Pursuant to Section 20 of the Securities Regulation Code



1. Check the appropriate box

Preliminary Information Statement

Definitive Information Statement

2. Name of Registrant as specified in its charter: **NICKEL ASIA CORPORATION**

3. Country of Incorporation: **PHILIPPINES**

4. SEC Identification Number: **CS200811530**

5. BIR Tax Identification Number **007-085-191-000**

6. Address of Principal Office **28th Floor, NAC Tower,
32nd Street, Bonifacio Global City
Taguig City, Metro Manila 1634**

7. Telephone Number **(632) 798 76 22**

8. Date, time and place of the meeting of security holder:

**October 9, 2018
2:00 PM
Narra Room D, Level 4, Shangri-La at the Fort, 30th
Street corner 5th Avenue, Bonifacio Global
City, Taguig City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders:

17 September 2018

10. Securities registered pursuant to Sections 8 & 12 of the Code or Sections 4 & 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Common Stock Issued **7,602,928,954 shares**

Preferred Stock Issued **720,000,000**

Amount of debt **Php 3,008,594,776**

11. Are any or all registrant's securities listed on the Philippines Stock Exchange?

Yes No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange – common shares

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

The Special Meeting of the Stockholders of Nickel Asia Corporation, a corporation organized and existing under the laws of the Philippines with address at the 28th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila will be held on **Tuesday, 9 October 2018 at 2:00 p.m.** at Narra Room D, Level 4, Shangri-La at the Fort, 30th Street corner 5th Avenue, Bonifacio Global City, Taguig City. The Agenda of the Special Meeting, as indicated in the accompanying Notice of Special Meeting of Stockholders, is as follows:

1. Call to Order
2. Proof of required notice of the meeting
3. Certification of quorum
4. Approval of 80% Stock Dividend Declaration
5. Approval of Proposed Amendments to the Company's By-Laws
6. Other matters
7. Adjournment

Only items 4 and 5 on the Agenda require shareholders' approval. Information and explanation regarding the said item are contained in various sections of this Information Statement. This Information Statement constitutes notice of the resolutions to be adopted at the Meeting.

There will be an OPEN FORUM before the approval of the said item is submitted to shareholders. Questions will likewise be entertained for other items in the agenda as appropriate and consistent with orderly proceedings.

For the purpose of the Meeting, only stockholders of record at the close of business on 11 September 2018 will be entitled to vote. Stockholders are requested to bring some form of identification such as passport, driver's license, or company I.D. in order to facilitate registration which will start at 1:00 p.m. on the day of the Meeting.

Shareholders who cannot attend the Meeting may accomplish the attached Proxy Form. Please indicate your vote (Yes, No, Abstain) for each item in the attached form, and submit the same on or before 02 October 2018 to the Office of the Corporate Secretary at the Company's principal office.

Proxies will be validated and tabulated by a special committee composed of the Company's stock transfer agent, Stock Transfer Service Inc. 34th Floor, Rufino Plaza, Ayala Avenue, Makati City ("STSI"), the Corporate Secretary and the Compliance Officer, and will be voted as indicated by the shareholder in the proxy and applicable rules. The tabulation of votes shall be done by the special committee and reviewed by the Company's independent external auditor, Sycip Gorres Velayo & Co. (SGV).

Voting procedures are contained in Item 19 (page 30) of this Information Statement and will be stated at the start of the Meeting. Please refer to Item 19, page 21, for an explanation of the voting procedure.

Further information and explanation regarding specific agenda items, where appropriate, are contained in various sections of this Information Statement. This Information Statement constitutes notice of the resolutions to be adopted at the Meeting.

This Information Statement and Proxy Form shall be sent to security holders on 17 September 2018, after the approval of the Definitive Information Statement by the SEC.

WE ARE NOT SOLICITING PROXIES. SHAREHOLDERS MAY APPOINT PROXIES IF THEY ARE UNABLE TO ATTEND THE MEETING SO THAT THEIR VOTE MAY BE COUNTED.

Item 2. Dissenters' Right of Appraisal

There are no corporate matters or action to be taken during the Meeting on 9 October 2018 that will entitle a stockholder to a Right of Appraisal as provided in Title X of the Corporation Code of the Philippines (Batas Pambansa [National Law] No. 68).

For the information of stockholders, any stockholder of the Company shall have a right to dissent and demand payment of the fair value of his shares in the following instances, as provided in the Corporation Code of the Philippines:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 81);
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Code (Section 81);
3. In case of merger or consolidation (Section 81); and
4. In case of investments in another corporation, business or purpose (Section 42).

The Corporation Code of the Philippines (at Section 82) provides that the appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares: provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made; provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director, nominee for election as director, associate of the nominee or executive officer of the Company at any time since the beginning of the last fiscal year, has any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting.

No incumbent director has informed the Company in writing of an intention to oppose any action to be taken at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of 15 August 2018, there are 7,602,928,954 outstanding and issued common shares of the Company, out of which 5,403,261,107 are owned by Filipinos, and 720,000,000 outstanding preferred shares, all of which are owned by a Filipino company. Each share of stock is entitled to one vote. In sum, the total number of outstanding shares entitled to vote is 8,322,928,954 out of which 6,123,261,107 shares or 73.57% are owned by Filipinos while 2,199,667,847 shares or 26.43% are owned by non-Filipinos.

All stockholders of record as of 11 September 2018 are entitled to notice and to vote at the Special Stockholders' Meeting.

A stockholder entitled to vote at the meeting shall have the right to vote in person or by proxy.

Voting Procedures are stated in page 21 of this Preliminary Information Statement.

Security Ownership of Certain Record and Beneficial Owners

The following stockholders own more than five percent (5%) of the Company's stock as of **15 August 2018**:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% of Class
Common	PCD Nominee Corporation (See Note 1)	(See Note 1)	Filipino	4,636,911,739	60.99
Common	Sumitomo Metal Mining Philippine Holdings Corporation (Stockholder) (See Note 2) 25th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City	Sumitomo Metal Mining Philippine Holdings Corporation (Direct)	Japanese	1,444,657,926	19.00
Common	Nonillion Holding Corporation 5756 ABBA Building, Kalayaan Ave., Brgy. Pinagkaisahan, Makati City	Nonillion Holding Corporation (Direct)	Filipino	720,000,000	9.47
Common	PCD Nominee Corporation (See Note 3)	(See Note 1)	Non-Filipino	544,280,209	7.16
Preferred	Nickel Asia Holdings, Inc. (Stockholder) (See Note 4) 28/F NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines	Nickel Asia Holdings, Inc. (See Note 4)	Filipino	720,000,000	100%

(1) PCD Nominee Corporation ("PCD"), the nominee of the Philippine Depository & Trust Corp., is the registered owner of the shares in the books of the Company's transfer agent. The

beneficial owners of such shares are PCD's participants who hold the shares on their own behalf or in behalf of their clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. The 60.99% registered under PCD Nominee Corporation includes 250,838,016 shares (3.30%) held by Nonillion Holdings Corporation, 1,954,779,738 shares (25.71%) of Mantra Resources Corporation and 1,016,831,382 shares (13.37%) of Ni Capital Corporation.

- (2) Sumitomo Metal Mining Philippine Holdings Corporation is represented by Mr. Masahiro Kamiya and Mr. Toru Higo on the Company's Board of Directors.
- (3) There are no participants under the PCD Nominee Corporation (Non-Filipino) account owning more than 5% of the voting securities.
- (4) The stockholders of Nickel Asia Holdings, Inc. include Mr. Manuel B. Zamora, Jr., Mr. Philip T. Ang and Mr. Luis J.L. Virata.

Proxies of the foregoing record owners for the Special Stockholders' Meeting on 9 October 2018 have not yet been submitted. The deadline set by the Board of Directors for submission of proxies is on 02 October 2018.

Security Ownership of Management

The beneficial ownership of the Company's directors and executive officers as of **15 August 2018** is as follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Class
Common	Manuel B. Zamora Jr.	5,982,236 (Direct) 4,298,828 (Indirect)	Filipino	0.13
Common	Philip T. Ang	1,616,724 (Direct) 147,036 (Indirect)	Filipino	0.02
Common	Gerard H. Brimo	15,728,246 (Direct) 138,425 (Indirect)	Filipino	0.2
Common	Luis J. L. Virata	401 (Direct)	Filipino	0
Common	Martin Antonio G. Zamora	300 (Direct) 8,706 (PCD)	Filipino	0
Common	Masahiro Kamiya	1,124 (Direct)	Japanese	0
Common	Toru Higo	1,124 (Direct)	Japanese	0
Common	Fulgencio S. Factoran, Jr.	842 (Direct)	Filipino	0
Common	Frederick Y. Dy	842 (Direct)	Filipino	0
Common	Jose B. Anievas	318,750 2,418,744 (PCD)	Filipino	0.03
Common	Emmanuel L. Samson	-	Filipino	0
Common	Raymundo B. Ferrer	-	Filipino	0
Common	Rolando R. Cruz	614,952 (Direct) 330,000 (PCD)	Filipino	0.01
Common	Georgina Carolina Y. Martinez	-	Filipino	0
Common	Koichi Ishihara	-	Japanese	0
Common	Jose D. Baylon	19,000 (PCD)	Filipino	0
Common	Gerardo Ignacio B. Ongkingco	-	Filipino	0
Common	Augusto C. Villaluna	-	Filipino	0
Common	Barbara Anne C. Migallos	-	Filipino	0
Common	Ma. Angela G. Villamor	540,308 (PCD)	Filipino	0.01
Directors and Executive Officers as a Group		32,166,588 (Direct and lodged with PCD)		0.42

Voting Trust Holders/Changes in Control

There are no voting trust holders of 5% or more of the Company's stock. There are no arrangements that may result in a change of control of the Company.

Item 5. Directors and Executive Officers

No action is to be taken at the Meeting with respect to the election of Directors.

Item 6. Compensation of Directors and Executive Officers

Except for the adjustment of the number of Option Shares reserved for the Company's 2014 Stock Option Plan (the "2014 SOP"), and the 2018 Stock Option Plan (the "2018 SOP")

pursuant to the approval of the Stock Dividend Declaration, no action is to be taken at the Meeting with respect to:

- (a) The election of Directors;
- (b) Any bonus, profit sharing, or other compensation plan, contract or arrangement in which any Director, nominee for election as a Director, or executive officer of the registrant will participate;
- (c) Any pension or retirement plan in which any such person will participate; or
- (d) The granting or extension to any such person of any option/s, warrant/s or rights to purchase any securities.

A more detailed explanation of the adjustment of the number of Option Shares reserved for the 2014 SOP and the 2018 SOP pursuant to the approval of the Stock Dividend Declaration can be found in Items 8 and 9 below.

Item 7. Independent Public Accountants

No action is to be taken at the Meeting with respect to the election, approval or ratification of the Company's independent external auditors.

Item 8. Compensation Plans

The 2014 Stock Option Plan

On 24 March 2014, the Board of Directors approved the adoption of the 2014 SOP for officers of the Company and its operating subsidiaries, resident mine managers, and Directors, including Independent Directors of the Company. The 2014 SOP was approved by the shareholders during the annual shareholders' meeting held on 6 June 2014. On 21 November 2014, the SEC issued a resolution exempting 32,000,000 common shares for the 2014 SOP from the registration requirement. The Corporate Secretary's certifications containing resolutions pertaining to the (1) approval of the Board; and (2) approval of the stockholders of said 2014 SOP is attached as Annex "A".

On 18 December 2014, the stockholders approved the declaration of a 50% stock dividend and the adjustment of the number of shares under the 2014 SOP in view of the effect of the stock dividend.

On 5 June 2015, the stockholders approved the declaration of a 100% stock dividend and the adjustment of the number of shares under the Plan and the 2014 SOP in view of the effect of the stock dividend.

On 20 May 2016, NAC filed an application with the SEC for exemption from registration requirement of the additional 31,523,262 common shares to be issued pursuant to Section 10.2 of the Securities and Regulation Code. The said application was approved by the SEC on 10 November 2016.

The number of option shares granted to the following persons as of 15 August 2018 are as follows:

A. <u>Chief Executive Officer</u>	<u>6,625,788</u>
B. <u>Four (4) Highest Paid Executives (after Chief Executive Officer)</u> <u>Martin Antonio G. Zamora</u> <u>Emmanuel L. Samson</u> <u>Jose B. Anievas</u> <u>Rolando R. Cruz</u>	<u>9,018,474</u>
C. <u>All Current Executive Officers as a Group</u>	<u>25,001,587</u>
D. <u>Each Nominee for Election as a Director</u>	<u>Directors will not be elected in the Special Meeting.</u>
E. <u>Each other person who received five percent of such options</u> <u>Manuel B. Zamora, Jr.</u> <u>Philip T. Ang</u> <u>Gerard H. Brimo</u> <u>Luis Juan L. Virata</u> <u>Frederick Y. Dy</u> <u>Fulgencio S. Factoran Jr.</u>	<u>28,031,218</u>
F. <u>All Current Directors as a Group who are not Executive Officers</u> <u>Manuel B. Zamora Jr.</u> <u>Philip T. Ang</u> <u>Luis J.L. Virata</u> <u>Frederick Y. Dy</u> <u>Fulgencio S. Factoran</u>	<u>21,408,430</u>
G. <u>All Other Employees as a Group</u>	<u>Employees are not eligible participants under the 2014 SOP.</u>

As of 15 August 2018, the list of eligible participants with their respective option shares, including all the adjustments thereto, are as follows:

<u>OPTIONEE</u>	<u>TOTAL ORIGINAL GRANT</u>	<u>TOTAL ADJUSTED GRANT (WITH STOCK DIVIDENDS)</u>
<u>Manuel B. Zamora, Jr.</u>	<u>1,864,237</u>	<u>5,592,710</u>
<u>Philip T. Ang</u>	<u>1,653,371</u>	<u>4,960,112</u>
<u>Gerard H. Brimo</u>	<u>2,208,596</u>	<u>6,625,788</u>
<u>Luis J.L. Virata</u>	<u>1,206,179</u>	<u>3,618,536</u>
<u>Frederick Y. Dy</u>	<u>1,206,179</u>	<u>3,618,536</u>
<u>Fulgencio S. Factoran, Jr.</u>	<u>1,206,179</u>	<u>3,618,536</u>
<u>Martin Antonio G. Zamora</u>	<u>677,035</u>	<u>2,031,104</u>
<u>Jose S. Saret</u>	<u>718,012</u>	<u>0</u>
<u>Emmanuel L. Samson</u>	<u>856,537</u>	<u>2,569,610</u>
<u>Barbara Anne C. Migallos</u>	<u>856,537</u>	<u>2,569,610</u>

<u>Raymundo B. Ferrer</u>	<u>275,078</u>	<u>825,234</u>
<u>Rolando R. Cruz</u>	<u>740,737</u>	<u>2,222,210</u>
<u>Jose Roderick F. Fernando</u>	<u>398,538</u>	<u>0</u>
<u>Koichi Ishihara</u>	<u>338,897</u>	<u>1,016,690</u>
<u>Jose Bayani D. Baylon</u>	<u>415,918</u>	<u>1,247,754</u>
<u>Ma. Angela G. Villamor</u>	<u>331,547</u>	<u>994,640</u>
<u>Augusto C. Villaluna</u>	<u>586,834</u>	<u>1,760,502</u>
<u>Gerardo Ignacio B. Ongkingco</u>	<u>366,771</u>	<u>1,100,312</u>
<u>Norberto R. Reyes</u>	<u>514,337</u>	<u>1,543,010</u>
<u>Michio Iwai</u>	<u>471,759</u>	<u>1,415,276</u>
<u>Lennie A. Terre</u>	<u>461,062</u>	<u>1,383,186</u>
<u>Jose B. Anievas</u>	<u>641,850</u>	<u>1,925,550</u>
<u>Marnelle A. Jalandon</u>	<u>203,762</u>	<u>611,286</u>
<u>Patrick S. Garcia</u>	<u>339,600</u>	<u>1,018,800</u>
<u>Fernando P. Cruz</u>	<u>254,906</u>	<u>764,718</u>
<u>Philipp D. Ines</u>	<u>297,710</u>	<u>893,130</u>
<u>Joel G. Laporga</u>	<u>213,950</u>	<u>0</u>
<u>Aloysius C. Diaz</u>	<u>366,771</u>	<u>1,286,475</u>
<u>Desiderio A. Fuerte, Jr.</u>	<u>192,555</u>	<u>0</u>
<u>Georgina Carolina Y. Martinez</u>	<u>523,333</u>	-
<u>Rogel C. Cabauatan</u>	<u>458,626</u>	-
<u>Francisco J. Arañes, Jr.</u>	<u>297,867</u>	-
<u>Ryan Rene C. Jornada</u>	<u>310,586</u>	-
<u>Artemio E. Valeroso</u>	<u>481,018</u>	-
<u>Iryan Jean U. Padillo</u>	<u>348,774</u>	-

The shares of Mr. Jose S. Saret, Mr. Desiderio A. Fuerte and Mr. Jose Roderick Fernando, have been forfeited in view of their resignation. The shares of Mr. Jose G. Laporga, have also been forfeited because of his death.

The other relevant and material features of the 2014 SOP, including the mode of exercise and disposal of option shares are as follows:

	2014 SOP
<u>Eligibility</u>	<u>Eligible Participants are the Directors and officers of the Company and its Operating subsidiaries, including Resident Mine Managers, and shall include such other Directors, Officers and Resident Mine Managers joining the Company and/or its Operating Subsidiaries after Plan Adoption Date, as the Committee shall identify.</u> <u>(Please see Section 2.6 of the 2014 SOP)</u>
<u>Grants to Independent Directors</u>	<u>Under the 2014 SOP, independent directors are included in the eligible participants (Section 2.6 of the 2014 SOP). As of 15 August 2018, neither independent director had shareholdings that exceeded two percent (2%) of the shares of the Company in compliance with SRC Rule 38(2)(B). The threshold set by the said rules would not be exceeded by independent director as a result of the stock options and the adjustments thereto.</u>
<u>Shares Subject to the Plan</u>	<u>The number of shares originally reserved for the 2014 SOP was 12,000,000 common shares</u>

<p><u>Adjustment in Option Shares</u></p>	<p><u>In the event of a stock-split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, or other similar change in capitalization or event, the number of Option Shares shall be adjusted to the extent that the Board of Directors of the Company shall determine that such adjustment is appropriate.</u></p> <p><u>(Please see Section 5.3 of the 2014 SOP)</u></p>
<p><u>Exercise Price</u></p>	<p><u>The Exercise Price for each Option Share shall be the average of the closing prices of the shares of stock of the Company on The Philippine Stock Exchange, Inc. over ten (10) trading days immediately following the Company's Annual Stockholders' Meeting held on 6 June 2014 less a discount of ten per cent (10%) thereof.</u></p> <p><u>(Please see Section 6.4 of the 2014 SOP)</u></p> <p><u>Due to the 50% stock dividend referred to in this application, the current exercise price of the 2014 SOP is P17.01 per share.</u></p>
<p><u>Dividend declaration</u></p>	<p><u>In the event of a stock-split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, or other similar change in capitalization or event, the number of Option Shares shall be adjusted to the extent that the Board of Directors of the Company shall determine that such adjustment is appropriate.</u></p> <p><u>(Please see Section 5.3 of the 2014 SOP)</u></p>
<p><u>Holding Period/ Mode of Disposal of Shares After Exercise of the Option</u></p>	<p><u>There is no holding period under the 2014 SOP and the 2018 SOP. Upon exercise of the option (in accordance with the vesting periods), after full payment of the options, the optionee may immediately sell or trade his shares in the stock exchange through a broker accredited by the Company or any other broker of his choice.</u></p> <p><u>The Company does not arrange or provide for loans to enable eligible participants to exercise their options. However, the Optionee exercising an option may, in lieu of purchasing his shares, also require the Company as indicated in the Exercise Notice, to advance the aggregate Exercise Price and sell the shares to another person or entity at such price and time determined within the reasonable discretion of the Company, and to deliver the amount corresponding to the earnings from said sale of shares, to the Optionee/s soon as reasonably practicable and subject to such procedure/s as the Option Committee may prescribe.</u></p> <p><u>(Please see Section 6.6 of the 2014 SOP)</u></p>
<p><u>Expiration of Options</u></p>	<p><u>Options granted under this Plan shall expire:</u></p> <p><u>(i) upon the lapse of the 30-day period within which to accept the grant without such acceptance; or</u></p> <p><u>(ii) upon Termination of the Option in Article VII and IX; or</u></p>

	<p>(iii) <u>in the event of dissolution of the Company prior to the expiry date of the options granted hereunder.</u></p> <p>(Please see Section 6.7 of the 2014 SOP)</p>
<u>Vesting</u>	<p><u>Twenty five per cent (25%) of Option Shares one (1) year from Option Grant Date</u></p> <p><u>Twenty five per cent (25%) after the first year on which the first 25% vested, and during each subsequent year thereafter until completion of 100% of the Option Shares.</u></p> <p>(Section 6.3 of the 2014 SOP)</p>
<u>Voting rights</u>	<p><u>Option shares, upon issuance to the Optionee exercising his/her option, shall have voting rights, and shall rank <i>pari passu</i> in all respects with the existing issued and outstanding common shares of the Company.</u></p>
<u>Effect of Termination of Employment</u>	<p><u>7.1. <i>Voluntary Resignation or Termination for Cause.</i> Except as otherwise provided in this Section 7.1, if an Optionee's employment by the Company is terminated for cause or as a result of voluntary resignation (including Directors who resign, or are removed for cause in accordance with law), stock options granted under this Plan, both vested and non-vested, shall immediately terminate and such Optionee's rights under this Plan, or to exercise options, if any, shall immediately terminate and the Optionee shall forfeit any rights or interest in or with respect to any such stock options.</u></p> <p><u>7.2. <i>Termination Other Than for Cause.</i> If an Optionee's employment by the Company is terminated other than by resignation or for cause (except in the case of Retirement and Disability), options that are already vested shall be exercised within one (1) year following such termination; provided that if the Option Expiration Date is earlier than the end of such one-year period, then the option must be exercised on or before the Option Expiration Date.</u></p> <p><u>7.3. <i>Retirement and Disability.</i> If separation from employment is due to Retirement or Disability, all stock options, whether vested or non-vested, then unexercised and outstanding shall become fully exercisable as of the date of such separation. An Optionee shall have the right to exercise such stock options, if any, at any time within the earlier of one (1) year following such separation due to Retirement or Disability or the expiry of the Plan.</u></p> <p><u>7.4. <i>Death.</i> If an Optionee dies, all stock options, whether vested or non-vested, then unexercised and outstanding shall become fully exercisable as of the date of his death. The Optionee's estate, designated beneficiary or other legal representative, as the case may be, shall have the right to exercise such stock options, if any, at any time within the earlier of one (1) year from the date of such Optionee's death or the expiry of the Plan.</u></p>

	<p><u>(Sections 7.1 to 7.4 of the ESOP and the 2014 SOP)</u></p>
	<p><u>7.5. Non Re-election or non re-appointment of Directors. In the event a Director is not re-elected to office, or an officer is not re-appointed, all unvested options shall be forfeited. Vested options shall remain outstanding and the Director who was not re-elected or the officer who was not re-appointed shall have the right to exercise the same within one (1) year from end of his term as Director or from his non-reappointment as officer; provided, that a Director who accepts a directorship or employment in another company, whose interests are inimical to the interests of the Company, shall be deemed to have forfeited his rights even to the vested options.</u></p>
	<p><u>(Section 7.5 of the 2014 SOP)</u></p>
<u>Transferrability</u>	<p><u>No option under this Plan, and no rights or interest under this Plan or any option granted hereunder, shall or may be assigned, transferred, sold, exchanged, pledged, disposed of or otherwise hypothecated or encumbered by an Optionee or any beneficiary thereof, and any such transfer, sale, exchange, pledge, disposition, hypothecation or encumbrance shall be null and void.</u></p>
	<p><u>(Section 8.1 of the ESOP and the 2014 SOP)</u></p>

The 2018 Stock Option Plan

A new Stock Option Plan (the “2018 SOP”) for officers of the Company and its operating subsidiaries, resident mine managers, and Directors, including Independent Directors of the Company, was approved by the Board of Directors on 5 April 2018, and approved and by shareholders of the Company at the Annual Meeting of Shareholders on 28 May 2018. The Corporate Secretary’s certifications containing resolutions pertaining to the (1) approval of the Board; and (2) approval of the stockholders of said 2018 SOP is attached as Annex “**B**”.

The 2014 SOP is also subject to the approval of the Securities and Exchange Commission (SEC) and for additional listing of shares in the PSE. The application for exemption of the 2018 SOP, covering One Hundred Fifty Five Million (155,000,000) common shares of stock of the Company, was filed with the SEC on 16 August 2018. The application for additional listing of shares in the PSE will be filed once SEC approval is obtained.

The estimate of the amount of such options to be granted to the following persons are as follows:

A. <u>Chief Executive Officer</u>	<u>17,808,219</u>
B. <u>Four (4) Highest Paid Executives (after Chief Executive Officer)</u>	<u>24,030,173</u>
<u>Martin Antonio G. Zamora</u>	
<u>Jose B. Anievas</u>	
<u>Emmanuel L. Samson</u>	

<u>Rolando R. Cruz</u>	
C. <u>All Current Executive Officers as a Group</u>	<u>97,195,517</u>
D. <u>Each Nominee for Election as a Director</u>	<u>Directors will not be elected in the Special Meeting.</u>
E. <u>Each other person who received five percent of such options</u> <u>Manuel B. Zamora, Jr.</u> <u>Gerard H. Brimo</u> <u>Martin Antonio G. Zamora</u> <u>Philip T. Ang</u> <u>Frederick Y. Dy</u> <u>Fulgencio S. Factoran</u> <u>Luis Juan L. Virata</u> <u>Barbara Anne C. Migallos</u>	<u>83,416,306</u>
F. <u>All Current Directors as a Group who are not Executive Officers</u> <u>Manuel B. Zamora, Jr.</u> <u>Philip T. Ang</u> <u>Frederick Y. Dy</u> <u>Fulgencio S. Factoran, Jr.</u> <u>Luis Juan L. Virata</u>	<u>48,223,259</u>
G. <u>All Other Employees as a Group</u>	<u>Employees are not eligible participants under the 2014 SOP.</u>

In determining the number of shares to be distributed to the eligible participants of the 2018 SOP, the following formula was used:

$$\text{Number of Option Shares} = \left[\frac{\text{Annual Salary of Eligible Participant} \times 4}{\text{Exercise Price}} \right]$$

The number of option shares of Non-Executive Directors and the Corporate Secretary shall be the average of the highest and lowest grants in the 2018 SOP.

The other relevant and material features of the 2018 SOP are as follows:

<u>Eligibility</u>	<u>Eligible Participants are the following:</u> (i) <u>Non-Executive Directors, including Independent Directors;</u> (ii) <u>Any new Non-Executive Director appointed during the life of the Plan to the extent of the remaining vesting periods;</u> (iii) <u>Officers of the Company and its Operating Subsidiaries;</u>
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	<p><u>New Officers appointed during the life of the Plan following six (6) months of service as Officers, to the extent of the remaining vesting periods.</u> (Section 2.6 of the 2018 SOP)</p>
<u>Grants to Independent Directors</u>	<p><u>Independent directors are included in the eligible participants under the 2018 SOP. As of 15 August 2018, none of the Company's independent directors had shareholdings that exceeded two percent (2%) of the shares of the Company in compliance with SRC Rule 38(2)(B). The threshold set by the said Rule would not be exceeded by independent director as a result of the stock options and the adjustments thereto.</u></p>
<u>Shares Subject to the Plan</u>	<p><u>There shall be reserved for the exercise of the options granted under this Plan One Hundred Fifty Five Million (155,000,000) Shares of the Company, corresponding to two per cent (2%) of the Company's issued and outstanding shares of the Company, on a fully diluted basis, as of the Plan Adoption Date. Shares subject of this Plan shall be issued out of the Company's authorized but unissued common shares.</u> (Sec. 5.3 of the 2018 SOP)</p>
<u>Adjustment in Option Shares</u>	<p><u>In the event of a stock-split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, or other similar change in capitalization or event, the number of Option Shares shall be adjusted to the extent that the Board of Directors of the Company shall determine that such adjustment is appropriate.</u> (Sec. 5.2 of the 2018 SOP)</p>
<u>Exercise Price</u>	<p><u>The Exercise Price for each Option Share granted under this Plan shall be the average of the closing prices of the Company's shares of stock on the Philippine Stock Exchange, Inc. over ten (10) trading days following approval by the shareholders, less a discount of ten percent (10%); provided that in the case of participants who become Eligible Participants after the Plan Adoption Date, the Exercise Price for each Option Share shall be the average of the closing share price over ten (10) trading days prior to their appointment, less a discount of ten percent (10%).</u> (Section 6.4 of the 2018 SOP)</p>
<u>Dividend declaration</u>	<p><u>In the event of a stock-split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, or other similar change in capitalization or event, the number of Option Shares shall be adjusted to the extent that the Board of Directors of the Company shall determine that such adjustment is appropriate. (Sec. 5.2 of the 2018 SOP)</u></p>
<u>Holding Period/ Mode of Disposal of Shares After Exercise of the Option</u>	<p><u>There is no holding period under the 2014 SOP and the 2018 SOP. Upon exercise of the option (in accordance with the vesting periods), after full payment of the options, the optionee may immediately sell or trade his shares in the stock exchange through a broker accredited by the Company or any other broker of his choice.</u></p>

	<p><u>The Company does not arrange or provide for loans to enable eligible participants to exercise their options. However, the Optionee exercising an option may, in lieu of purchasing his shares, also require the Company as indicated in the Exercise Notice, to advance the aggregate Exercise Price and sell the shares to another person or entity at such price and time determined within the reasonable discretion of the Company, and to deliver the amount corresponding to the earnings from said sale of shares, to the Optionee/s soon as reasonably practicable and subject to such procedure/s as the Option Committee may prescribe.</u></p> <p>(Please see Section 6.6 of the 2014 SOP)</p>
<u>Expiration of Options</u>	<p><u>Options granted under this Plan shall expire:</u></p> <ul style="list-style-type: none"> (i) <u>Upon the lapse of the 30-day period within which to accept the grant without such acceptance; or</u> (ii) <u>Upon termination of the Option as provided in Article VII and IX; or</u> (iii) <u>In the event of dissolution of the Company prior to the expiry date of the options granted.</u> <p>(Section 6.7 of the 2018 SOP)</p>
<u>Vesting</u>	<p><u>The Optionees' right to exercise the options granted to them under this Plan shall vest in accordance with the following schedule:</u></p> <ul style="list-style-type: none"> (i) <u>Twenty five percent (25%) of Option Shares one (1) year from the date of execution of the Option Agreement.</u> (ii) <u>Twenty five percent (25%) after the first year on which the first twenty five percent (25%) vested, and during each subsequent year thereafter until completion of one hundred percent (100%) of the Option Shares.</u> <p><u>Eligible Participants shall have until the Expiry Date of the Plan to exercise all vested shares.</u></p> <p>(Section 6.3 of the 2018 SOP)</p>
<u>Voting rights</u>	<p><u>Option shares, upon issuance to the Optionee exercising his/her option, shall have voting rights, and shall rank <i>pari passu</i> in all respects with the existing issued and outstanding common shares of the Company.</u></p>
<u>Effect of Termination of Employment</u>	<p><u>Voluntary Resignation or Termination for Cause.</u> <u>Except as otherwise provided in this Section 7.1, if an Optionee's employment by the Company is terminated for cause or as a result of voluntary resignation (including Directors who resign, or are removed for cause in accordance with law), stock options granted under this Plan, both vested and non-vested, shall immediately terminate and such Optionee's rights under this Plan, or</u></p>

	<p><u>to exercise options, if any, shall immediately terminate and the Optionee shall forfeit any rights or interest in or with respect to any such stock options.</u></p> <p><u>Termination Other Than for Cause.</u> <u>If an Optionee's employment by the Company is terminated other than by resignation or for cause (except in the case of Retirement and Disability), all stock options, whether vested or non-vested, then unexercised and outstanding, shall be fully exercisable within one (1) year following such termination; provided that if the Option Expiration Date is earlier than the end of such one-year period, then the option must be exercised on or before the Option Expiration Date.</u></p> <p><u>Retirement and Disability.</u> <u>If separation from employment is due to Retirement or Disability, all stock options, whether vested or non-vested, then unexercised and outstanding shall become fully exercisable as of the date of such separation. An Optionee shall have the right to exercise such stock options, if any, within one (1) year following such separation due to Retirement or Disability; provided that if the Option Expiration Date is earlier than the end of such one-year period, then the option must be exercised on or before the Option Expiration Date.</u></p> <p><u>Death.</u> <u>If an Optionee dies, all stock options, whether vested or unvested, then unexercised and outstanding shall become fully exercisable at the date of his death. The Optionee's estate, designated beneficiary or other legal representative, as the case may be, shall have the right to exercise such stock options, if any, at any time within one (1) year from the date of such Optionee's death; provided that if the Option Expiration Date is earlier than the end of such one-year period, then the option must be exercised on or before the Option Expiration Date.</u></p> <p><u>Non Re-election or Non Re-appointment.</u> <u>In the event a Non-Executive Director or the Corporate Secretary is not re-elected to office, all unvested options shall be forfeited. Vested options shall remain outstanding and the Non-Executive Director or the Corporate Secretary who was not re-elected shall have the right to exercise the same within one (1) year from end of his/her term as Director or Corporate Secretary; provided, that a director who accepts a directorship or employment in another company, whose interests are inimical to the interests of the Company as determined by the Board, shall be deemed to have forfeited his rights even to the vested options.</u></p> <p>(Sections 7.1 to 7.5 of the 2018 SOP)</p>
<u>Transferability</u>	<u>No option under this Plan, and no rights or interest under this Plan or any option granted hereunder, shall or may be assigned, transferred, sold, exchanged, pledged,</u>

	<u>disposed of or otherwise hypothecated or encumbered by an Optionee or any beneficiary thereof, and any such transfer, sale exchange, pledge, disposition, hypothecation or encumbrance shall be null and void. Except as allowed by law, no such interest shall be subject of seizure for the payment of the Optionee's (or any beneficiary's) debts, judgments, alimony, or separation maintenance or be transferable in the event of the Optionee's (or any beneficiary's) bankruptcy or insolvency.</u> <u>(Section 8.1 of the 2018 SOP)</u>
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Adjustments to the Shares Reserved for the Stock Option Plans

Due to the effects of the eighty percent (80%) stock dividend declared by the Board on 28 August 2018, the Board of Directors of the Company, at the same meeting, approved adjustments to the grants under the Corporation's stock option plans as follows:

- (a) Increase the number of the 2014 SOP shares by an additional Forty-Six Million One Hundred Six Thousand Eight Hundred Sixteen (46,106,816) common shares; and
- (b) The Exercise Price for the 2014 SOP will be adjusted from Php8.51 per share to Php4.73 per share.
- (c) Increase the number of the 2018 SOP shares by an additional One Hundred Twenty-Three Million Nine Hundred Seventy-Six Thousand Seven Hundred Ninety-Two (123,976,792) common shares;
- (d) The Exercise Price for the 2018 SOP will be adjusted from Php4.38 per share to Php2.43 per share;

For reference, the market value of the Company's shares as of 7 September 2018 is P4.85/share.

Item 9. Authorization or Issuance of Securities Other than for Exchange

The Company has an authorized capital stock of Nine Billion Six Hundred Thirty Nine Million Seven Hundred Thousand Pesos (Php9,639,700,000.00) divided into Nineteen Billion Two Hundred Sixty Five Million (19,265,000,000) common shares with a par value of Fifty centavos (Php 0.50) per share, and Seven Hundred Twenty Million (720,000,000) preferred shares with par value of One centavo (Php0.01) per share.

As of 15 August 2018, the total number of outstanding shares entitled to vote is Eight Billion Three Hundred Twenty Two Million Nine Hundred Twenty Eight Thousand Nine Hundred Fifty Four (8,322,928,954) shares.

Stockholders holding common shares enjoy dividend and voting rights, pro rata to their shareholdings. Stockholders with preferred shares have the same right to vote as common shares but shall not participate in dividends declared by the Company, and with a fixed cumulative dividend rate of seven percent (7%) per annum. Aside from these and all other rights of shareholders under the Corporation Code, stockholders of the Company have no other material rights.

There are no provisions in the Company's by-laws that would delay, defer, or prevent a change in control of the Company.

At a meeting held on 28 August 2018, the Company's Board of Directors approved an eighty percent (80%) stock dividend for all common shares. Approval of said dividend declaration will be sought at the scheduled Special Stockholders' Meeting on 9 October 2018. If approved, a total of Six Billion Eighty-Two Million Three Hundred Forty-Three Thousand One Hundred Sixty-Three (6,082,343,163) common shares (Php3,041,171,581.50 at Php 0.50 par value each) shall be issued out of the authorized but unissued capital stock and shall be distributed as stock dividends. Pursuant to the stock dividend, adjustments will be made to the number of shares reserved for the Company's Stock Option Plans. The Eligible participants to the Stock Option Plans, the formula used to determine each eligible participant's entitlements, and other relevant details of the Stock Option Plans and the corresponding adjustments thereto are discussed extensively in Item 8 above. Also attached as Annexes "A" and "B" are the Corporate Secretary's certifications containing resolutions pertaining to the (1) approval of the Board; and (2) approval of the stockholders of the Company's Stock Option Plans.

The record date for the entitlement to stock dividends (the "stock dividend record date") shall be determined in accordance with the rules of the SEC and the PSE, after the approval of two-thirds of the outstanding capital stock of the Company have been obtained. Each stockholder as of the stock dividend record date will receive such number of stock dividend shares as he is entitled, equivalent to eighty percent (80%) of his existing shareholding. Fractional shares will be rounded down to the nearest whole number.

The Corporation will not receive any consideration for the issuance of the shares as stock dividend.

The resolutions to be adopted will be for the approval of:

- a) Eighty percent (80%) stock dividend covering the issuance of 6,082,343,163 of the Company's common shares;
- b) Additional Forty-Six Million One Hundred Six Thousand Eight Hundred Sixteen (46,106,816) common shares to be reserved for the 2014 SOP;
- c) One Hundred Twenty-Three Million Nine Hundred Seventy-Six Thousand Seven Hundred Ninety-Two (123,976,792) common shares to be reserved for the 2018 SOP; and
- d) The concomitant waiver of pre-emptive right to shares to be reserved for the Stock Option Plan pursuant to said adjustment.

Item 10. Modification or Exchange of Securities

No action is to be taken by the Company with respect to the modification of any class of securities of the Company or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Finance and Other information

The Company earlier distributed copies of the Management Report and Audited Financial Statements as of 31 December 2017 in connection with its 2018 Annual General Meeting held on 28 May 2018.

The Company's Second Quarter SEC Form 17-Q with the Interim Financial Statements for the quarter ended 30 June 2018 are attached hereto.

The Company has not made any changes in and has not had any disagreements with its external auditor on accounting and financial disclosures.

Representatives of the Company's external auditor, SGV, are expected to be present at the stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No transactions are to be taken by the Company with respect to any transaction involving mergers consolidations, acquisitions and similar matters.

Item 13. Acquisition or Disposition of Property

No transaction to be taken by the Company with respect to the acquisition or disposition of any Property.

Item 14. Reclassification of Accounts

No actions are to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

No actions are to be taken with respect to reports of the Company

Item 16. Matters not required to be submitted

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders, state the nature of such matter, the reasons for submitting it to a vote of security holders and what action is intended to be taken by the registrant in the event of a negative vote on the matter by the security holders.

Item 17. Amendment of Charter

On 28 August 2018, the Board of Directors approved the following amendments to the Company's By-Laws:

1. Revision of Article II, Section 6 to state that meetings of the stockholders shall be presided over by the Chairman of the Board, or in his absence, the Vice Chairman, or in his absence, the President;

2. Inclusion of a new paragraph (h) under Article III, Section 1, specifying the power of the Board to appoint a chairman emeritus;
3. Inclusion of a new Article III, Section 9 on the indemnification of directors and corporate officers;
4. Inclusion of a new section in Article IV, identifying the Chairman, Vice Chairman, President, Executive Vice President, Senior Vice Presidents, Vice Presidents, Assistant Vice Presidents, Treasurer, Secretary and Assistant Secretary as the corporate officers of the Company, which new section shall be Article IV, Section 1;
5. Renumbering of Article IV, Section 1 (Election/Appointment) as Article IV, Section 2;
6. Inclusion of a new section specifying the functions of the Chairman, which new section shall be Article IV, Section 3;
7. Inclusion of a new section specifying the functions of the Vice Chairman, which new section shall be Article IV, Section 4;
8. Renumbering of Article IV, Section 2 (President) as Article IV, Section 5;
9. Renumbering and amendment of Article IV, Section 4 (The Vice-President) as Article IV, Section 6, and specifying the functions of the Executive Vice President, Senior Vice Presidents, Vice Presidents, and Assistant Vice Presidents; and
10. Renumbering and amendment of Article IV, Section 5 (The Secretary) as Article IV, Section 7, and including the functions of the Assistant Secretary.

The foregoing amendments are intended to identify the corporate officers of the Corporation and to define their respective duties and responsibilities for clarity. These amendments to the By-Laws are expected to improve the efficiency of the organization of the Corporation. Moreover, the proposed amendments are not expected to have an effect on the capital structure of the Corporation

The resolutions to be adopted will be for the approval of the proposed amendments to the Company's By-Laws.

Item 18. Other Proposed Action

Aside from the approval of the (1) eighty percent (80%) stock dividend covering the issuance of 6,082,343,163 of the Company's common shares, the adjustments to the number of shares reserved for the Company's Stock Option Plans, and the concomitant waiver of pre-emptive right to shares to be reserved for the Stock Option Plans pursuant to said adjustment; and (2) proposed amendments the Company's By-Laws, no other proposed action will be taken up at the Special Stockholders' Meeting on 9 October 2018.

Item 19. Voting Procedures

Under the Company's policy for the effective participation by shareholders in shareholders' meetings of the Company and the exercise of shareholders' right to vote:

1. Only items reflected on the Agenda and the Information Statement will be voted upon. No resolution that is not in the Agenda will be voted on.
2. Voting shall be by balloting or poll at all shareholders' meetings. Shareholders who did not submit proxies before the meeting but will be present at the meeting will be given ballots upon registration. For proxies submitted prior to the meeting, the designated proxy was provided with ballots for casting in accordance with the stockholders' instructions, as indicated in the proxy.
3. Validation of proxies shall be undertaken by a special committee designated by the Board for the validation of proxies. For the Special Stockholders' Meeting, SGV, the Company's independent external auditor shall work with the special committee, to in reviewing the tabulation proxies.
4. Voting results for each item on the agenda shall be announced during the meeting and shall be made publicly available immediately.

Stockholders as of 11 September 2018 may vote at the Special Stockholders' Meeting on 9 October 2018. Stockholders have the right to vote in person or by proxy.

PART II.

(PLEASE SEE SEPARATE PROXY FORM)

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 11 September 2018.

By:



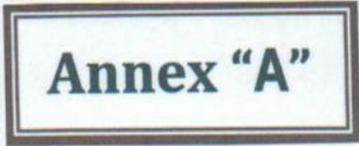
BARBARA ANNE C. MIGALLOS
Corporate Secretary

on behalf of NICKEL ASIA CORPORATION

UPON THE WRITTEN REQUEST OF THE STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A AS FILED WITH THE SEC FREE OF CHARGE. ANY WRITTEN REQUEST SHALL BE ADDRESSED TO:

ATTY. BARBARA ANNE C. MIGALLOS
Corporate Secretary

NICKEL ASIA CORPORATION
28th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila



SECRETARY'S CERTIFICATE

I, **BARBARA ANNE C. MIGALLOS**, of legal age, with office address at the 7th Floor, The PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City, being the duly elected and incumbent Corporate Secretary of **NICKEL ASIA CORPORATION**, a corporation organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal place of business at 28th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila (the "Corporation"), hereby certify under oath that:

1. At the meeting of the Board of Directors of the Corporation held on **24 March 2014**, at which meeting a quorum was present and voting throughout, the Board approved the adoption of a new Stock Option Plan with a term of five years, covering Directors and Officers of the Corporation, and its Operating Subsidiaries, including Resident Mine Managers. The Exercise Price shall be the average of the closing prices of the shares of stock of the Corporation on the Philippine Stock Exchange over ten (10) trading days immediately following the Corporation's Annual Stockholders' Meeting scheduled on 6 June 2014, less a discount of ten per cent (10%), and vesting to be 25% each year after the date of the option is granted, and adopted and approved the following resolutions:

"RESOLVED, that the Corporation adopt a new Stock Option Plan for Directors and Officers of the Corporation, and its operating subsidiaries, including Resident Mine Managers;

RESOLVED, FURTHER, that the shares reserved for the 2014 Stock Option Plan shall be Thirty Two Million Shares of the Corporation;

RESOLVED, FINALLY, that the 2014 Stock Option Plan be presented to the shareholders for their approval and ratification, which approval and ratification will entail a concomitant waiver of the pre-emptive rights with respect to the issuance of Thirty Two Million Shares of the Corporation allocated and reserved for the 2014 Stock Option Plan."

2. At the Annual General Meeting of the Stockholders of the Corporation held on 6 June 2014, wherein 2,745,523,878 shares representing 84.59% of the outstanding capital stock were present in person or by proxy, the stockholders, by the affirmative

vote representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation, or 2,676,128,358 shares representing 82.45% of the outstanding capital stock of the Corporation approved, ratified and confirmed the adoption of the 2014 Stock Option Plan while 69,395,520 or 2.14% abstained. The stockholders adopted the following resolution:

“RESOLVED, that the shareholders of Nickel Asia Corporation (the “Corporation”), approve as they hereby approve, the 2014 Stock Option Plan, as presented at today’s meeting, and that the shareholders approve as they hereby approve the concomitant waiver of their preemptive rights with respect to the issuance of Thirty Two Million shares of stock of the Corporation reserved and allocated for the Stock Option Plan.”

3. I further certify the genuineness and due execution of the 2014 SOP which is attached herewith.

4. The number of shares earlier exempted from registration, as well as the adjustments thereto which were also exempted from registration, are as follows:

	Date	No. of Shares
SEC Resolution No. 018, series of 2014	21 November 2014	32,000,000
SEC Resolution No. 010, series of 2015 (out of 11,625,987 shares)	2 June 2015	9,766,333
MSRD Resolution No. 32, series of 2016 (out of 31,523,262 shares)	16 November 2016	28,528,513

5. The following are in accordance with the records of the Corporation.


BARBARA ANNE C. MIGALLOS
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 11th day of September 2018, affiant exhibiting to me her Community Tax Certificate No. 24531844 issued on 4 January 2018 at Makati City, and her Passport No. P7148981A issued on 11 May 2018 at DFA NCR South, expiring on 10 May 2028 bearing her photograph and signature, in accordance with Rule II, Section 12 and Rule IV Section 2 (b) of the 2004 Rules on Notarial Practice.

Doc. No.: 74 ;
Page No.: 16 ;
Book No.: 111 ;
Series of 2018.

C2403 NIKL 2014 SOP Arinex B/afp43/glen


MA. CONCEPCION Z. SANDOVAL
NOTARY PUBLIC FOR AND IN THE CITY OF MAKATI
APPOINTMENT NO. M-412 (2018-2019)
COMMISSION EXPIRES ON DECEMBER 31, 2019
7th Floor, The PHINMA Plaza, 39 Plaza Drive
Rockwell Center, Makati City 1210
PTR No. 6615273; Makati City; 1/4/2018
IBP O.R. No. 020915; Rizal; 1/4/2018
TIN 908-983-782
Attorney's Roll No. 54717, MAY 2007

NICKEL ASIA CORPORATION
2014 STOCK OPTION PLAN

ARTICLE I
THE PLAN

1.1. **Name.** This Plan shall be known as the "Nickel Asia Corporation 2014 Stock Option Plan."

1.2. **Purposes.** The purposes of the Nickel Asia Corporation 2014 Stock Option Plan are to:

- (i) Promote and encourage interest among all directors and officers of the Company and its Operating Subsidiaries, as defined below (henceforth referred to as "Eligible Participants") in the affairs and business of the Company and Operating Subsidiaries;
- (ii) To attract and retain good and capable management personnel in the Company and its Operating Subsidiaries; and
- (iii) To widen the corporate base and enhance greater productivity by making Eligible Participants stakeholders in the Company and in the Operating Subsidiaries.

ARTICLE II
DEFINITION OF TERMS

As used herein, the following definitions shall apply:

- 2.1. **Board** – the Board of Directors of the Company.
- 2.2. **Committee** – the Compensation Committee of the Board
- 2.3. **Company** – Nickel Asia Corporation.
- 2.4. **Director** – a member of the Board of Directors of the Company.

2.5. **Disability** – the inability of the grantee of a stock option granted under this Plan to perform his regular duties and responsibilities due to a medically determinable condition for a period that has lasted, or is expected to last, six (6) months. The existence of a Disability shall be determined in accordance with then prevailing Company policies and approved by the Committee.

2.6. **Eligible Participants** – Eligible Participants are the Directors and Officers of the Company and its Operating Subsidiaries, including Resident Mine Managers named below, and shall include such other Directors, Officers and Resident Mine Managers joining the Company and/or its Operating Subsidiaries after Plan Adoption Date, as the Committee shall identify:

<u>Name</u>	<u>Position & company</u>
Manuel B. Zamora, Jr.	Chairman (Nickel Asia Corporation or "NAC")
Philip T. Ang	Vice-Chairman (NAC)
Gerard H. Brimo	President and Chief Executive Officer (NAC)
Takanori Fujimura	Director (NAC)
Takeshi Kubota	Director (NAC)
Luis J.L. Virata	Director (NAC)
Frederick Y. Dy	Independent Director (NAC)
Fulgencio S. Factoran, Jr.	Independent Director (NAC)
Martin Antonio G. Zamora	Director; Senior Vice President Marketing and Strategic Planning (NAC)
Jose S. Saret	Senior Vice President / Chief Operating Officer (NAC)

Emmanuel L. Samson	Senior Vice President / Chief Finance Officer (NAC)
Barbara Anne C. Migallos	Corporate Secretary (NAC)
Raymundo B. Ferrer	Senior Vice President (NAC)
Rolando R. Cruz	Vice President - Operations (NAC)
Jose Roderick F. Fernando	Vice President – Legal and Human Resources, Compliance Officer, Assistant Corporate Secretary (NAC)
Jose Bayani D. Baylon	Vice President – Corporate Communications (NAC)
Koichi Ishihara	Vice President – Marketing and Purchasing (NAC)
Ma. Angela G. Villamor	Vice President – Internal Audit (NAC)
Marnelle A. Jalandon	Assistant Vice President – Information Technology and Administration (NAC)
Norberto R. Reyes	Vice President – Finance (Rio Tuba Nickel Mining Corporation or "RTN")
Lennie A. Terre	Vice President – Finance (Taganito Mining Corporation or "TMC")
Patrick S. Garcia	Assistant Vice President – Finance (Cagdianao Mining Corporation or "CMC")
Michio Iwai	Vice President (TMC)
Jose B. Anievas	Vice President – Operations (TMC)
Philipp D. Ines	Resident Mine Manager (RTN)

Joel G. Laporga	Resident Mine Manager (Hinatuan Mining Corporation or "HMC")
Raul G. Bongolan	Resident Mine Manager (CMC)

2.7. **Exercise Price** – the price per Option Share to be paid under this Plan, as computed in accordance with Section 6.4.

2.8. **Exercise Notice** – the notice referred to in Sections 6.5 and 6.6.

2.9. **Operating Subsidiaries** – the following subsidiaries at least fifty-one percent (51%) of the outstanding voting capital stock of which is directly owned by the Company and such other subsidiaries as the Committee shall include:

RIO TUBA NICKEL MINING CORPORATION
TAGANITO MINING CORPORATION
HINATUAN MINING CORPORATION
CAGDIANAO MINING CORPORATION

2.10. **Option Agreement** – the agreement executed by the Optionees pursuant to Section 6.2. The Option Agreement is subject to the terms and conditions of this Plan, and in case of conflict, this Plan shall prevail.

2.11. **Option Expiration Date** – the end of the period for which an option granted under this Plan remains exercisable in accordance with this Plan and as may be determined by the Committee.

2.12. **Option Grant Date** – the date on which a stock option is awarded under this Plan, provided such award is subsequently accepted by an Eligible Participant in accordance with Section 6.2.

2.13. **Optionee** – an Eligible Participant who is awarded and who accept his/her stock options under this Plan.

2.14. **Option Shares** – Shares which an Optionee is entitled to purchase under a stock option granted and accepted under this Plan.

2.15. **Plan** – this Plan, designated as the Nickel Asia Corporation 2014 Stock Option Plan.

2.16. **Plan Adoption Date** – the date on which this Plan is approved and adopted by the Board and by the stockholders of the Company. The Company will seek the approval of the Securities and Exchange Commission and additional listing with The Philippine Stock Exchange, Inc.

2.17. **Retirement** – retirement from active employment with the Company on or after the retirement date(s) specified in the Company's retirement plan or such date in accordance with prevailing Company rules and policies.

2.18. **Shares** – common shares of the Company.

ARTICLE III **PARTICIPATION IN THE PLAN**

3.1. **Eligible Participants.** Participation in the Plan shall be limited to Eligible Participants as set forth in Section 2.5 hereof and such other Directors, Officers and Resident Mine Managers who may become Eligible Participants as identified by the Committee in accordance with this Plan. Optionees may exercise their respective options by subscribing to the Shares and paying the Exercise Price for the Option Shares, in accordance with the terms and conditions hereof.

ARTICLE IV **ADMINISTRATION OF THE PLAN**

4.1. This Plan shall be administered by the Compensation Committee of the Company's Board of Directors. A majority of the members of the Committee shall constitute a quorum for the transaction of business.

4.2. **Powers of the Committee.** Subject to the provisions of this Plan, the Committee shall have the authority in its discretion:

- (i) to identify the Optionees to be granted options under this Plan;
- (ii) to determine the number of Shares to be covered by each such Option granted hereunder;
- (iii) to construe and interpret the terms of the Plan and Options granted pursuant to the Plan;
- (iv) to issue, prescribe, amend and rescind rules and regulations to implement the Plan; and
- (v) to make determinations necessary or advisable for the implementation, administration and maintenance of the Plan.

4.3. **Secretariat.** The Committee may designate members of the management and staff of the Company or any of its Operating Subsidiaries to comprise a Secretariat to monitor and keep the records for the implementation of this Plan.

4.4. **Appeal.** Any determination, decision or action of the Committee may be appealed to the Board whose decision shall be final, conclusive and binding.

ARTICLE V

TERM OF THE PLAN AND SHARES SUBJECT TO THE PLAN

5.1. **Term.** The term of this Plan shall be five (5) years from the Plan Adoption Date; provided that options granted and vested within the said term, shall remain to be exercisable within the period provided herein.

5.2. **Shares Subject to the Plan.** There shall be reserved for the exercise of the options granted under this Plan Thirty-Two Million (32,000,000) Shares of the Company which shall be issued out of the authorized but unissued common shares., or issued shares re-acquired by the Company, when allowed by law.

5.3. **Adjustment in Option Shares.** In the event of a stock-split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, or other similar change in capitalization or event, the number of Option Shares shall be adjusted to the extent that the Board of Directors of the Company shall determine that such adjustment is appropriate.

5.4. **Available Shares for Future Grants.** Any shares related to options granted which terminate by expiration, forfeiture, cancellation or otherwise without having been exercised in full shall become available for future grants under this Plan.

ARTICLE VI **STOCK OPTIONS**

6.1. **Grant of Options.** After determination of the Optionees, the Committee shall notify each Optionee in writing of the number of their Option Shares and the applicable Exercise Price, and such other matters as may be necessary for the exercise of their options. In case of Directors, their Option Shares shall be considered to have been granted from the date of their election and qualification as Directors.

6.2. **Acceptance of the Options.** An Optionee shall signify his acceptance of the option by paying a fee of Five Hundred Pesos (Php 500.00) within thirty (30) days from receipt of the notice of grant. The Optionee shall execute an Option Agreement with the Company that provides for the terms and conditions of the stock option.

6.3. **Vesting of Options.** The Optionees' right to exercise the options granted to them under this Plan shall vest in accordance with the following schedule:

Twenty five per cent (25%) of Option Shares one (1) year from Option Grant Date

Twenty five per cent (25%) after the first year on which the first 25% vested, and during each subsequent year thereafter until completion of 100% of the Option Shares.

6.4. **Exercise Price.** The Exercise Price for each Option Share granted under this Plan shall be the average of the closing prices of the shares of stock of the Company on The Philippine Stock Exchange, Inc. over ten (10) trading days immediately following the Company's Annual Stockholders' Meeting held on 6 June 2014 less a discount of ten per cent (10%) thereof. Accordingly, the Exercise Price for each Option Share granted under this Plan shall be **TWENTY FIVE PESOS and 52/100 (Php25.52)**; provided that in the case of participants who become Eligible Participants after the Plan Adoption Date, the Exercise Price for each Option Share shall be the average of the closing share price over ten (10) trading days prior to their appointment, less a discount of ten per cent (10%).

6.5. **Exercise of Options.** An Optionee may exercise in whole or in part his/her vested options by notifying the Committee in writing (the "Exercise Notice") of the number of Option Shares over which he/she intends to exercise the option accompanied by full payment in cash of the total amount payable, which amount shall be determined by multiplying the number of shares indicated in the written notice by the Exercise Price.

As soon as reasonably practicable after the exercise of the option, the Company shall issue the corresponding Option Shares to the Optionee exercising his/her option. The Committee may also prescribe such procedure as may be practicable under the circumstances provided that no Option Shares shall be issued unless fully paid for in cash to the Company.

6.6. **Proceeds for Shares.** The Optionee exercising an option may, in lieu of purchasing the shares, also require the Company as indicated in the Exercise Notice, to advance the aggregate Exercise Price and sell the shares to another person or entity at such price and time determined within the reasonable discretion of the Company, and to deliver the amount corresponding to the earnings from said sale of shares, to the Optionee as soon as reasonably practicable and subject to such procedure/s as the Committee may prescribe.

6.7. **Expiration of Option.** Options granted under this Plan shall expire:

- (i) upon the lapse of the 30-day period within which to accept the grant without such acceptance; or

- (ii) upon Termination of the Option in Article VII and IX; or
- (iii) in the event of dissolution of the Company prior to the expiry date of the options granted hereunder.

ARTICLE VII

TERMINATION OF OPTIONS

The options granted and/or vested under this Plan shall terminate, as follows:

7.1. *Voluntary Resignation or Termination for Cause.* Except as otherwise provided in this Section 7.1, if an Optionee's employment by the Company is terminated for cause or as a result of voluntary resignation (including Directors who resign, or are removed for cause in accordance with law), stock options granted under this Plan, both vested and non-vested, shall immediately terminate and such Optionee's rights under this Plan, or to exercise options, if any, shall immediately terminate and the Optionee shall forfeit any rights or interest in or with respect to any such stock options.

7.2. *Termination Other Than for Cause.* If an Optionee's employment by the Company is terminated other than by resignation or for cause (except in the case of Retirement and Disability), options that are already vested shall be exercised within one (1) year following such termination; provided that if the Option Expiration Date is earlier than the end of such one-year period, then the option must be exercised on or before the Option Expiration Date.

7.3. *Retirement and Disability.* If separation from employment is due to Retirement or Disability, all stock options, whether vested or non-vested, then unexercised and outstanding shall become fully exercisable as of the date of such separation. An Optionee shall have the right to exercise such stock options, if any, at any time within the earlier of one (1) year following such separation due to Retirement or Disability or the expiry of the Plan.

7.4. **Death.** If an Optionee dies, all stock options, whether vested or non-vested, then unexercised and outstanding shall become fully exercisable as of the date of his death. The Optionee's estate, designated beneficiary or other legal representative, as the case may be, shall have the right to exercise such stock options, if any, at any time within the earlier of one (1) year from the date of such Optionee's death or the expiry of the Plan.

7.5. **Non Re-election or non re-appointment of Directors.** In the event a Director is not re-elected to office, or an officer is not re-appointed, all unvested options shall be forfeited. Vested options shall remain outstanding and the Director who was not re-elected or the officer who was not re-appointed shall have the right to exercise the same within one (1) year from end of his term as Director or from his non-reappointment as officer; provided, that a Director who accepts a directorship or employment in another company, whose interests are inimical to the interests of the Company, shall be deemed to have forfeited his rights even to the vested options.

ARTICLE VIII NON-TRANSFERABILITY OF OPTIONS

8.1. No option under this Plan, and no rights or interest under this Plan or any option granted hereunder, shall or may be assigned, transferred, sold, exchanged, pledged, disposed of or otherwise hypothecated or encumbered by an Optionee or any beneficiary thereof, and any such transfer, sale, exchange, pledge, disposition, hypothecation or encumbrance shall be null and void. Except as allowed by law, no such interest shall be subject of seizure for the payment of the Optionee's (or any beneficiary's) debts, judgments, alimony, or separation maintenance or be transferable in the event of the Optionee's (or any beneficiary's) bankruptcy or insolvency.

ARTICLE IX
AMENDMENT AND TERMINATION OF THE PLAN

9.1. ***Amendment and Termination.*** The Board may at any time amend, alter, suspend or terminate the Plan; provided, that any approvals required under applicable law or stock exchange rules are obtained.

9.2. ***Effect of Amendment or Termination.*** No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Optionee, unless otherwise mutually agreed between the Optionee and the Committee, which agreement shall be in writing and signed by the Optionee and the Company. Termination of the Plan shall not affect the Committee's ability to exercise the powers granted to it hereunder with respect to options granted under this Plan prior to the date of such termination.

ARTICLE X
MISCELLANEOUS PROVISIONS

10.1. ***No Right to Continued Employment.*** Participation in the Plan shall not give any Eligible Participant any right to remain in the employ of the Company or any of its Operating Subsidiaries. Further, the adoption of this Plan shall not be deemed to give any Eligible Participant the right to be selected as an Optionee or to be granted an option.

10.2. ***Reservation of Shares.*** The Company, during the term of this Plan, shall at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

10.3. ***Adoption of the Plan.*** This Plan was approved by the Board on 24 March 2014 and approved and ratified by the Company's stockholders on 6 June 2014.

This Plan was approved by the Securities and Exchange Commission on _____. Any amendments to this Plan shall be deemed adopted and effective upon approval thereof by the Board and as required by the stockholders, subject to approval thereafter by the Securities and Exchange Commission.

Annex "B"

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SECRETARY'S CERTIFICATE

I, **BARBARA ANNE C. MIGALLOS**, of legal age, with office address at the 7th Floor, The PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City, being the duly elected and incumbent Corporate Secretary of **NICKEL ASIA CORPORATION**, a corporation organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal place of business at 28th Floor, NAC Tower, 32nd Street, Bonifacio Global City, Taguig City, Metro Manila (the "Corporation"), hereby certify under oath that:

1. At the meeting of the Board of Directors of the Corporation held on **5 April 2017**, at which meeting a quorum was present and voting throughout, the following resolutions were approved and adopted:

"RESOLVED, that the Board of Directors of **Nickel Asia Corporation** (the "Company") approve, as it hereby approves, the recommendation of the Corporate Governance Committee to offer a new Stock Option Plan (the "2018 SOP") to Directors and Officers of the Company and its Operating Subsidiaries, including new officers appointed during the life of the 2018 SOP following six months of service as Officers, with One Hundred Fifty Five Million (155,000,000) shares of stock of the Company reserved or allocated for the 2018 SOP, corresponding to two percent (2%) of the Company's outstanding shares on a fully diluted basis;

RESOLVED, FURTHER, that the Exercise Price shall be the average closing share price over ten (10) trading over ten trading days following approval by the Shareholders at the Annual General Meeting of the Shareholders on 28 May 2018, less a discount of ten percent (10%);

RESOLVED, FURTHER, that the term of the 2018 SOP shall be five (5) years from the date of approval thereof by the shareholders, or from 2018 to 2023; that vesting shall take place yearly at a rate of 25% of the entitled shares, with the first vesting one year after execution of an Option Agreement; and that participants shall have until the expiry date of the 2018 SOP to exercise all vested shares;

RESOLVED, FURTHER, that the Corporate Governance Committee shall administer the 2018 SOP;

RESOLVED, FINALLY, that the 2018 SOP be presented to the shareholders for their approval and ratification, which approval and ratification will entail a concomitant waiver of the pre-emptive rights with respect to the issuance of 155 Million shares of the Company allocated and reserved for the 2018 SOP."

2. At the Annual General Meeting of stockholders held on on 28 May 2018 where in 6,882,499,029 shares representing 81.41% of the outstanding capital stock of the Company were present, the 2018 SOP and the concomitant waiver of the pre-emptive rights with respect to the issuance of the 155 Million shares of the Company allocated and reserved for the 2018 SOP were approved, ratified and confirmed by the affirmative vote of the stockholders of the Company holding and representing at least two-thirds (2/3) of the Company's outstanding capital stock or 6,702,422,558 shares representing 79.08% of the outstanding capital stock of the Company. There were negative votes totaling 117,107,781 shares representing 1.51%, and abstentions totaling 62,968,690 shares representing 0.81%. The following resolution was approved and adopted:

"RESOLVED, that the shareholders of Nickel Asia Corporation (the "Company"), approve as they hereby approve, the Stock Option Plan, as presented at today's meeting, and that the shareholders approve as they hereby approve the concomitant waiver of their preemptive rights with respect to the issuance of 155 Million shares of stock of the Company reserved and allocated for the Stock Option Plan."

3. I further certify the genuineness and due execution of the 2018 SOP which is attached herewith.

4. The following are in accordance with the records of the Corporation.


BARBARA ANNE C. MIGALLOS
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 11th day of September 2018, affiant exhibiting to me her Community Tax Certificate No. 24531844 issued on 4 January 2018 at Makati City, and her Passport No. P7148981A issued on 11 May 2018 at DFA NCR South, expiring on 10 May 2028 bearing her photograph and signature, in accordance with Rule II, Section 12 and Rule IV Section 2 (b) of the 2004 Rules on Notarial Practice.

Doc. No.: 73 ;
Page No.: 16 ;
Book No.: 771 ;
Series of 2018.

Cnew 2018 SOP Annex A /dfp43/glen


MA. CONCEPCION Z. SANDOVAL
NOTARY PUBLIC FOR AND IN THE CITY OF MAKATI
APPOINTMENT NO. M-412 (2018-2019)
COMMISSION EXPIRES ON DECEMBER 31, 2019
7th Floor, The PHINMA Plaza, 39 Plaza Drive
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PTR No. 6615273; Makati City; 1/4/2018
IBP O.R. No. 020915; Rizal; 1/4/2018
TIN 908-983-782
Attorney's Roll No. 54717, MAY 2007

**NICKEL ASIA CORPORATION
2018 STOCK OPTION PLAN**

**ARTICLE I
THE PLAN**

- 1.1. **Name.** This plan shall be known as the "Nickel Asia Corporation 2018 Stock Option Plan."
- 1.2. **Purposes.** The purposes of the Nickel Asia Corporation 2018 Stock Option Plan are:
- (i) To attract, retain and motivate good and capable management personnel in the Nickel Asia Corporation (the "Company") and its Operating Subsidiaries.
 - (ii) To promote the interests of the Nickel Asia Group (as defined herein) by providing eligible Officers and Directors with the opportunity to acquire or increase their proprietary interest to enhance greater productivity being stakeholders in the Nickel Asia Group.
 - (iii) To align the remuneration of Officers and Members of the Board of Directors with the long-term interests and success of Nickel Asia Corporation and its Operating Subsidiaries and to serve as an incentive to render services that contribute to the long-term success of the Nickel Asia Group.

**ARTICLE II
DEFINITION OF TERMS**

As used herein, the following definitions shall apply:

- 2.1. **Board** – the Board of Directors of Nickel Asia Corporation.
- 2.2. **Committee** – the Corporate Governance Committee of the Board
- 2.3. **Company** – Nickel Asia Corporation
- 2.4. **Director** – a member of the Board of Directors of the Company
- 2.5. **Disability** – the inability of the grantee of stock option/s under this Plan to perform his/her regular duties and responsibilities due to a medically determinable condition that has lasted, or is expected to last, six (6) months.

The existence of a Disability shall be determined in accordance with prevailing policies of the Company and approved by the Committee.

2.6. **Eligible Participants** – Eligible Participants are the following:

- (i) Non-Executive Directors, including Independent Directors;
- (ii) Any new Non-Executive Director appointed during the life of the Plan to the extent of the remaining vesting periods;
- (iii) Officers of the Company and its Operating Subsidiaries;
- (iv) New Officers appointed during the life of the Plan following six (6) months of service as Officers, to the extent of the remaining vesting periods;

The list of Eligible Participants as of the Plan Adoption Date is attached herewith as Annex "A".

2.7. **Exercise Price** – the price per Option Share to be paid under this Plan, as computed in accordance with Section 6.4.

2.8. **Exercise Notice** – the notice referred to in Sections 6.5 and 6.6.

2.9. **Nickel Asia Group** – the Company and its Operating Subsidiaries.

2.10. **Non-Executive Director** – a member of the Board who does not hold an executive position in the Company.

2.11. **Operating Subsidiaries** – subsidiaries at least fifty-one percent (51%) of the outstanding voting capital stock of which is directly owned by the Company, and such other subsidiaries as the Committee shall include.

A list of operating subsidiaries as of Plan Adoption Date is attached herewith as Annex "B".

2.12. **Options** – options to purchase Shares issued under and subject to the provisions of this Plan.

2.13. **Option Agreement** – the agreement executed by the Optionees pursuant to Section 6.2. The Option Agreement is subject the terms and conditions of this Plan, and in case of conflict, this Plan shall prevail.

2.14. **Option Expiration Date** – the end of the period for which an option granted under this Plan remains exercisable in accordance with this Plan and as may be determined by the Committee.

- 2.15. **Option Grant Date** – the date on which a stock option is awarded under this Plan, provided such award is subsequently accepted by an Eligible Participant in accordance with Section 6.2
- 2.16. **Optionee** – An Eligible Participant who is awarded and who accepts his/her stock options under this Plan.
- 2.17. **Option Shares** – Shares which an Optionee is entitled to purchase under a stock option granted and accepted under this Plan.
- 2.18. **Plan** – this Plan, designated as the Nickel Asia Corporation 2018 Stock Option Plan.
- 2.19. **Plan Adoption Date** – the date on which this Plan is approved by the stockholders of the Company.
- 2.20. **Retirement** – retirement from active employment with the Company on or after the retirement date(s) specified in the Company's retirement plan or such date in accordance with prevailing Company rules and policies.
- 2.21. **Shares** – common shares of the Company.

ARTICLE III
PARTICIPATION IN THE PLAN

3.1. ***Eligible Participants.***

Participation in the Plan shall be limited to Eligible Participants as set forth in Annex "A" hereof and such other Directors and Officers of the Company and/or its Operating Subsidiaries who may become Eligible Participants as identified by the Committee in accordance with this Plan. Eligible Participants who are granted stock options under this Plan may exercise their respective options by subscribing to the Shares and paying the Exercise Price for the Option Shares, in accordance with the terms and conditions hereof.

ARTICLE IV
ADMINISTRATION OF THE PLAN

- 4.1. This Plan shall be administered by the Corporate Governance Committee of the Company's Board of Directors. A majority of the members of the Committee shall constitute a quorum for the transaction of business.
- 4.2. ***Powers of the Committee.*** Subject to the provisions of this Plan, the Committee shall have the authority in its discretion:

- (i) To identify the Eligible Participants to be granted Options under this Plan;
 - (ii) To determine the number of Shares to be covered by each such Option granted hereunder;
 - (iii) To construe and interpret the terms of this Plan and the Options granted pursuant to the Plan;
 - (iv) To issue, prescribe, amend and rescind rules and regulations to implement the Plan; and
 - (v) To make determinations necessary or advisable for the implementation, administration and maintenance of the Plan;
- 4.3. **Secretariat.** The Committee may designate members of the management and staff of the Company or any of its Operating Subsidiaries to comprise a Secretariat to monitor and keep the records for the implementation of the Plan.
- 4.4. **Appeal.** Any determination, decision, or action of the Committee may be appealed to the Board whose decision shall be final, conclusive and binding.

ARTICLE V

TERM OF THE PLAN AND SHARES SUBJECT TO THE PLAN

- 5.1. **Term.** The term of this Plan shall be five (5) years from the Plan Adoption Date; provided that options granted and vested within the said term shall remain to be exercisable within the period provided herein.
- 5.2. **Shares Subject to the Plan.** There shall be reserved for the exercise of the options granted under this Plan One Hundred Fifty Five Million (155,000,000) Shares of the Company, corresponding to two per cent (2%) of the Company's issued and outstanding shares of the Company, on a fully diluted basis, as of the Plan Adoption Date. Shares subject of this Plan shall be issued out of the Company's authorized but unissued common shares.
- 5.3. **Adjustment in Option Shares.** In the event of a stock-split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, or other similar change in capitalization or event, the number of Option Shares shall be adjusted to the extent that the Board of Directors of the Company shall determine that such adjustment is appropriate.
- 5.4. **Available Shares for Future Grants.** Any shares related to options granted which terminate by expiration, forfeiture, cancellation or otherwise, without

having been exercised in full, shall become available for future grants under this Plan.

ARTICLE VI
STOCK OPTIONS

- 6.1. **Grant of Options.** After determination of the Optionees, the Committee shall notify each Optionee in writing of the number of their Option Shares and the applicable Exercise Price, and such other matters as may be necessary for the exercise of their Options. The number of Option Shares shall be equivalent to four (4) times the annual salary of the Eligible Participant divided by the Exercise Price. In the case of Non-Executive Directors and the Corporate Secretary, the number of Option Shares shall be the average of the highest and lowest grants within the Plan.
- 6.2. **Acceptance of the Options.** An Optionee shall signify his acceptance of the option by paying a fee of Five Hundred Pesos (Php500.00) within thirty (30) days from receipt of the notice of grant. The Optionee shall execute an Option Agreement with the Company that provides for the terms and conditions of the Stock Option.
- 6.3. **Vesting of Options.** The Optionees' right to exercise the options granted to them under this Plan shall vest in accordance with the following schedule:
- (i) Twenty five percent (25%) of Option Shares one (1) year from the date of execution of the Option Agreement.
 - (ii) Twenty five percent (25%) after the first year on which the first twenty five percent (25%) vested, and during each subsequent year thereafter until completion of one hundred percent (100%) of the Option Shares.
 - (iii) Eligible Participants shall have until the Expiry Date of the Plan to exercise all vested shares.
- 6.4. **Exercise Price.** The Exercise Price for each Option Share granted under this Plan shall be the average of the closing prices of the Company's shares of stock on the Philippine Stock Exchange, Inc. over ten (10) trading days following approval by the shareholders, less a discount of ten percent (10%); provided that in the case of participants who become Eligible Participants after the Plan Adoption Date, the Exercise Price for each Option Share shall be the average of the closing share price over ten (10) trading days prior to their appointment, less a discount of ten percent (10%).
- 6.5. **Exercise of Options.** An Optionee may exercise in whole or in part his/her vested options by notifying the Committee in writing (the "Exercise Notice") of the number of Option Shares over which he/she intends to exercise the option

accompanied by full payment in cash of the total amount payable, which amount shall be determined by multiplying the number of shares indicated in the written notice by the Exercise Price.

As soon as reasonably practicable after the exercise of the option, the Company shall issue the corresponding Option Shares to the Optionee exercising his/her option. The Committee may also prescribe such procedure as may be practicable under the circumstance provided that no Option Shares shall be issued unless fully paid for in cash to the Company.

- 6.6. **Proceeds for Shares.** The Optionee exercising an option may, in lieu of purchasing the shares, also require the Company as indicated in the Exercise Notice, to advance the aggregate Exercise Price and sell the shares to another person or entity at such price and time determined within the reasonable discretion of the Company, and to deliver the amount corresponding to the earnings from said sale of shares, to the Optionee as soon as reasonably practicable and subject to such procedure/s as the Committee may prescribe.
- 6.7. **Expiration of Option.** Options granted under this Plan shall expire:
- (i) Upon the lapse of the 30-day period within which to accept the grant without such acceptance; or
 - (ii) Upon termination of the Option as provided in Article VII and IX; or
 - (iii) In the event of dissolution of the Company prior to the expiry date of the options granted hereunder.

ARTICLE VII TERMINATION OF OPTIONS

The Options granted and/or vested under this Plan shall terminate, as follows:

- 7.1. **Voluntary Resignation or Termination for Cause.** Except as otherwise provided in this Section 7.1, if an Optionee's employment by the Company is terminated for cause or as a result of voluntary resignation (including Directors who resign, or are removed for cause in accordance with law), stock options granted under this Plan, both vested and non-vested, shall immediately terminate and such Optionee's rights under this Plan, or to exercise options, if any, shall immediately terminate and the Optionee shall forfeit any rights or interest in or with respect to any such stock options.
- 7.2. **Termination Other Than for Cause.** If an Optionee's employment by the Company is terminated other than by resignation or for cause (except in the case of Retirement and Disability), all stock options, whether vested or non-

vested, then unexercised and outstanding, shall be fully exercisable within one (1) year following such termination; provided that if the Option Expiration Date is earlier than the end of such one-year period, then the option must be exercised on or before the Option Expiration Date.

- 7.3. **Retirement and Disability.** If separation from employment is due to Retirement or Disability, all stock options, whether vested or non-vested, then unexercised and outstanding shall become fully exercisable as of the date of such separation. An Optionee shall have the right to exercise such stock options, if any, within one (1) year following such separation due to Retirement or Disability; provided that if the Option Expiration Date is earlier than the end of such one-year period, then the option must be exercised on or before the Option Expiration Date.
- 7.4. **Death.** If an Optionee dies, all stock options, whether vested or unvested, then unexercised and outstanding shall become fully exercisable at the date of his death. The Optionee's estate, designated beneficiary or other legal representative, as the case may be, shall have the right to exercise such stock options, if any, at any time within one (1) year from the date of such Optionee's death; provided that if the Option Expiration Date is earlier than the end of such one-year period, then the option must be exercised on or before the Option Expiration Date.
- 7.5. **Non Re-election or Non Re-appointment.** In the event a Non-Executive Director or the Corporate Secretary is not re-elected to office, all unvested options shall be forfeited. Vested options shall remain outstanding and the Non-Executive Director or the Corporate Secretary who was not re-elected shall have the right to exercise the same within one (1) year from end of his/her term as Director or Corporate Secretary; provided, that a director who accepts a directorship or employment in another company, whose interests are inimical to the interests of the Company as determined by the Board, shall be deemed to have forfeited his rights even to the vested options.

ARTICLE VIII

NON-TRANSFERABILITY OF OPTIONS

- 8.1. No option under this Plan, and no rights or interest under this Plan or any option granted hereunder, shall or may be assigned, transferred, sold, exchanged, pledged, disposed of or otherwise hypothecated or encumbered by an Optionee or any beneficiary thereof, and any such transfer, sale exchange, pledge, disposition, hypothecation or encumbrance shall be null and void. Except as allowed by law, no such interest shall be subject of seizure for the payment of the Optionee's (or any beneficiary's) debts, judgments, alimony, or separation maintenance or be transferable in the event of the Optionee's (or any beneficiary's) bankruptcy or insolvency.

ARTICLE IX
AMENDMENT AND TERMINATION OF THE PLAN

- 9.1. ***Amendment and Termination.*** The Board may at any time amend, alter, suspend, or terminate the Plan; provided, that any approvals required under applicable law or stock exchange or stock exchange rules are obtained.
- 9.2. ***Effect of Amendment or Termination.*** No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Optionee, unless otherwise mutually agreed between the Optionee and the Committee, which agreement shall be in writing and signed by the Optionee and the Company. Termination of the Plan shall not affect the Committee's ability to exercise the powers granted to it hereunder with respect to options granted under this Plan prior to the date of such termination.

ARTICLE X
MISCELLANEOUS PROVISIONS

- 10.1. ***No Right to Continued Employment.*** Participation in the Plan shall not give any Eligible Participant any right to remain in the employ of the Company or any of its Operating Subsidiaries. Further, the adoption of this Plan shall not be deemed to give any Eligible Participant the right to be selected as an Optionee or to be granted an option.
- 10.2. ***Reservation of Shares.*** The Company, during the term of this Plan, shall at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of this Plan.
- 10.3. ***Adoption of the Plan.*** This Plan was approved by the Board on 5 April 2018 and approved and ratified by the Company's stockholders on 28 May 2018.
- 10.4. ***Regulatory Approvals.*** The Company shall seek the approval of this Stock Option Plan by the Securities and Exchange Commission in accordance with applicable rules of the Commission, and the approval by the Philippine Stock Exchange of the listing of the Shares subject of this Plan.
- 10.5. ***Amendments.*** Any amendments to or modifications of this Plan shall be deemed adopted and effective upon approval thereof by the Board and, as required, by the stockholders, subject to approval thereafter by the Commission.

ELIGIBLE PARTICIPANTS
AS OF PLAN ADOPTION DATE

	Position	Name
1	Chairman	Manuel B. Zamora, Jr.
2	President and Chief Executive Officer	Gerard H. Brimo
3	Executive Vice President	Martin Antonio G. Zamora
4	SVP, Chief Operating Officer and Chief Risk Officer	Jose B Anievas
5	SVP Chief Financial officer, Corporate Governance Officer	Emmanuel L. Samson
6	SVP - Security	Raymundo B. Ferrer
7	VP – Corporate Communications	Jose Bayani D. Baylon
8	VP – Project Development and Research	Rolando R. Cruz
9	VP – Operations	Aloysius C. Diaz
10	VP – Marketing and Purchasing	Koichi Ishihara
11	VP – Legal and Special Projects, Chief Compliance Officer, Assistant Corporate Secretary	Georgina Carolina Y. Martinez
12	VP	Michio Iwai
13	VP – Human Resources, Data Protection Officer	Gerardo B. Ongkingco
14	VP – Operations	Augusto C. Villaluna
15	VP – Internal Audit, Chief Audit Executive	Maria Angela C. Villamor
16	VP	Norberto R. Reyes
17	VP	Lennie A. Terre
18	AVP	Francisco J. Arañes, Jr.
19	AVP	Rogel C. Cabauatan
20	AVP	Fernando P. Cruz

ANNEX "A"

21	AVP	Patrick S. Garcia
22	AVP	Philipp D. Ines
23	AVP	Marnelle A. Jalandoon
24	AVP	Ryan Rene C. Jornada
25	AVP	Arnilo C. Milaor
26	AVP	Iryan Jean U. Padillo
27	AVP	Artemio E. Valeroso
28	Corporate Secretary	Barbara Anne C. Migallos
		Directors
29		Philip T. Ang
30	Independent Director	Frederick Y. Dy
31	Independent Director	Fulgencio S. Factoran, Jr.
32		Luis J. L. Virata
		TOTAL

ANNEX "B"**NICKEL ASIA CORPORATION'S
COVERED SUBSIDIARIES**

Name of Subsidiary	Address
Rio Tuba Nickel Mining Corporation	29 th Floor, NAC Tower, 32 nd Street, Bonifacio Global City, Taguig
Taganito Mining Corporation	29 th Floor, NAC Tower, 32 nd Street, Bonifacio Global City, Taguig
Hinatuan Mining Corporation	29 th Floor, NAC Tower, 32 nd Street, Bonifacio Global City, Taguig
Cagdianao Mining Corporation	29 th Floor, NAC Tower, 32 nd Street, Bonifacio Global City, Taguig



108092018002546



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Company Information

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Industry Classification Nickel Ore Mining
Company Type Stock Corporation

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File Number _____

NICKEL ASIA CORPORATION

(Company's Full Name)

**28th Floor NAC Tower, 32nd Street,
Bonifacio Global City, Taguig City**

(Company's Address)

+63 2 892 6669 / +63 2 892 4177

(Telephone Numbers)

December 31

(Fiscal Year Ending)

(month & day)

SEC FORM 17-Q Quarterly Report

Form Type

Amendment Delegation (If applicable)

For the Quarter Ended

June 30, 2018

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(B) THEREUNDER

1. For the quarterly period ended: JUNE 30, 2018
2. SEC Identification Number: CS200811530
3. BIR Tax Identification No.: 007-085-191-000
4. Exact name of issuer as specified in its charter: NICKEL ASIA CORPORATION
5. Province, Country or other jurisdiction of incorporation or organization: PHILIPPINES
6. Industry Classification Code: (SEC Use Only)
7. Address of principal office Postal Code
28th Floor NAC Tower, 32nd Street, 1634
Bonifacio Global City, Taguig City
8. Issuer's telephone number, including area code: +63 2 892 6669 / +63 2 892 4177
9. Former name, former address, and former fiscal year, if changed since last report.
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	7,602,928,954 shares
Long-term Debt	Php2,983.8 million

11. Are any or all of these securities listed on a Stock Exchange.
Yes [] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

PHILIPPINE STOCK EXCHANGE Common Stock

12. Check whether the issuer:
(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [] No []

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [] No []

August 8, 2018

Mr. Jose Valeriano B. Zuño III

OIC - Head, Disclosure Department
The Philippine Stock Exchange, Inc.
3/F Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Mr. Vicente Graciano P. Felizmenio, Jr.

Director - Markets and Securities Regulation Department
Securities and Exchange Commission
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

Re : SEC Form 17-Q 2018 2nd Quarter Report
x =====x

Gentlemen:

We submit to you herewith a copy of our Company's SEC Form 17-Q Quarterly Report for the period ended June 30, 2018.

We trust everything is in order.

Very truly yours,



Emmanuel L. Samson
SVP - Chief Financial Officer



NICKEL ASIA CORPORATION
17-Q QUARTERLY REPORT
JUNE 30, 2018

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PART I – FINANCIAL INFORMATION

Item A. Financial Statements

The Unaudited Interim Consolidated Financial Statements as at June 30, 2018 (with Comparative Audited Statement of Financial Position as at December 31, 2017) and for the six-month period ended June 30, 2018 and 2017 are hereto attached.

The following tables set forth the summary financial information for the six-month period ended June 30, 2018 and 2017 and as at June 30, 2018 and December 31, 2017:

Summary Consolidated Statements of Income

	For the Quarter Ended June 30		Increase (Decrease)	Percent Inc (Dec)
	2018	2017		
	<i>(In Thousand Pesos)</i>			
Revenues	7,375,577	7,821,482	(445,905)	-6%
Costs	(3,594,882)	(3,319,548)	275,334	8%
Operating expenses	(2,025,036)	(1,663,712)	361,324	22%
Finance income	206,507	151,168	55,339	37%
Finance expenses	(84,184)	(127,004)	(42,820)	-34%
Equity in net income of associates	525,949	55,420	470,529	849%
Other income - net	499,109	213,976	285,133	133%
Provision for income tax - net	(819,258)	(934,249)	(114,991)	-12%
Net income	<u>2,083,782</u>	<u>2,197,533</u>	<u>(113,751)</u>	<u>-5%</u>
Net income attributable to:				
Equity holders of the parent	1,568,679	1,535,149	33,530	2%
Non-controlling interests	<u>515,103</u>	<u>662,384</u>	<u>(147,281)</u>	<u>-22%</u>
	<u>2,083,782</u>	<u>2,197,533</u>	<u>(113,751)</u>	<u>-5%</u>

Summary Consolidated Statements of Financial Position

	June 30,	December 31,	Increase (Decrease)	Percent Inc (Dec)
	2018	2017		
	(Unaudited)	(Audited)		
	<i>(In Thousand Pesos)</i>			
Current assets	21,249,505	20,898,438	351,067	2%
Noncurrent assets	<u>25,557,877</u>	<u>24,838,661</u>	<u>719,216</u>	<u>3%</u>
Total assets	<u>46,807,382</u>	<u>45,737,099</u>	<u>1,070,283</u>	<u>2%</u>
Current liabilities	9,974,426	9,614,431	359,995	4%
Noncurrent liabilities	2,879,917	2,904,480	(24,563)	-1%
Equity attributable to				
equity holders of the Parent	30,191,729	29,456,981	734,748	2%
Non-controlling interests	<u>3,761,310</u>	<u>3,761,207</u>	<u>103</u>	<u>0%</u>
Total liabilities and equity	<u>46,807,382</u>	<u>45,737,099</u>	<u>1,070,283</u>	<u>2%</u>

Summary Consolidated Statements of Cash Flows

	<u>For the Quarter Ended June 30</u>		<u>Increase (Decrease)</u>	<u>Percent Inc (Dec)</u>
	<u>2018</u>	<u>2017</u>		
	<i>(In Thousand Pesos)</i>			
Net cash flows from (used in):				
Operating activities	1,860,365	3,090,500	(1,230,135)	-40%
Investing activities	444,674	(1,295,348)	1,740,022	134%
Financing activities	<u>(1,752,133)</u>	<u>(1,288,193)</u>	<u>463,940</u>	<u>36%</u>
Net increase in cash and cash equivalents	<u>552,906</u>	<u>506,959</u>	<u>45,947</u>	<u>9%</u>
Cash and cash equivalents, beginning	9,645,932	9,647,943	(2,011)	0%
Cash and cash equivalents, end	<u><u>10,198,838</u></u>	<u><u>10,154,902</u></u>	<u><u>43,936</u></u>	<u><u>0%</u></u>

Item B. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The following discussion and analysis is based on the unaudited interim consolidated financial statements for the six months ended June 30, 2018 and 2017, prepared in conformity with Philippine Accounting Standards 34, *Interim Financial Reporting* and included herein, and should be read in conjunction with those unaudited interim consolidated financial statements.

Six months ended June 30, 2018 compared with six months ended June 30, 2017

Revenues

Our total revenues in the first half of 2018 was ₱7,375.6 million, which was slightly lower by ₱445.9 million or 6%, compared to ₱7,821.5 million in the first half of 2017.

Sale of ore

The Group's value of shipments dropped by 6% to ₱6,740.2 million from ₱7,158.0 million mainly due to weaker ore export prices caused by increasing ore exports from Indonesia. It will be recalled that Indonesia relaxed its ore export ban in January 2017 thereby putting downward pressure on ore export prices.

The Group sold an aggregate 8,894.8 thousand wet metric tons (WMT) of nickel ore from its four operating mines during the first half of 2018 compared to 8,924.6 thousand WMT achieved the previous year.

The Group's Rio Tuba mine exported 1,439.9 thousand WMT of saprolite ore and delivered 1,758.3 thousand WMT of limonite ore to the Coral Bay processing plant in the first half of 2018. This compares to sales of 1,424.4 thousand WMT of saprolite ore and 1,866.6 thousand WMT of limonite ore, of which 1,695.5 thousand WMT were delivered to the Coral Bay processing plant, during the same period last year.

The Group's Taganito mine shipped 1,399.3 thousand WMT of saprolite ore and sold 2,788.7 thousand WMT of limonite ore, of which 2,242.1 thousand WMT were delivered to the Taganito processing plant in the first half of 2018. This compares to sales of 1,451.3 thousand WMT of saprolite ore and 2,545.8 thousand WMT of limonite ore delivered to the Taganito processing plant for the comparable period last year.

Shipments from the Hinatuan mine amounted to 717.3 thousand WMT in 2018 compared to 934.7 thousand WMT in 2017. On the other hand, the Cagdianao mine shipped 791.3 thousand WMT in 2018 versus 701.8 thousand WMT in 2017.

The estimated realized nickel price on 4,894.4 thousand WMT of ore exports in the first half of this year, which is historically priced on a negotiated dollar per WMT basis, averaged \$18.05 per WMT compared to \$25.88 per WMT on 4,683.3 thousand WMT sold during the same period last year.

On the other hand, prices for our limonite ore deliveries to the Taganito and Coral Bay processing plants, which are linked to London Metal Exchange (LME) prices, have done much better. The Group realized an average of \$6.27 per pound of payable nickel on 4,000.5 thousand WMT sold over the six months ended June 30, 2018. This compares to an average price of \$4.40 per pound of payable nickel on 4,241.3 thousand WMT sold during the same period last year.

Rio Tuba's revenue from sale of limestone went down by 18% to ₱197.4 million from ₱241.7 million due to 27.0 thousand WMT or 10% decline in limestone sales during the first half of 2018 compared to the same period last year.

Services and Others

Our revenue from services and others slightly dropped by 4% to ₱308.5 million from ₱320.4 million. Services revenue largely consists of payments made to us in consideration for hauling, manpower and other ancillary services that Rio Tuba Nickel Mining Corporation (RTN) and Taganito Mining Corporation (TMC) provides to Coral Bay Nickel Corporation (CBNC) and Taganito HPAL Nickel Corporation (THNC), respectively, and usage fee charged by TMC to THNC for the use of its pier facility.

Sale of Power

Sale of power climbed by 28% to ₱129.5 million from ₱101.3 million since Jobin SQM, Inc. (Jobin), a subsidiary of the Company, operated at an average operating capacity of 29.33 megawatt (MW) in the first half of 2018 compared to 23.55 MW in the same period last year. The increase in the average operating capacity was due to the completion of the 32.34 MW in March 2017.

Costs

Our costs went up by 8% or ₱275.3 million, from ₱3,319.5 million to ₱3,594.9 million.

Cost of Sale of Ore

Our cost from sale of ore increased by 7% to ₱3,260.2 million compared to ₱3,047.9 million in the same period last year due to additional employees hired during the period coupled with increase in the employee's daily rate and benefits, hike in diesel prices which rose by an average of between ₱9.00/liter to ₱10.00/liter plus higher consumption during the period, and higher operating and maintenance cost of the conveyors.

Cost of Services

Cost of services grew by 5% to ₱185.7 million from ₱176.8 million. Costs of services largely consist of the cost of hauling, providing manpower and other ancillary services to CBNC and THNC, plus the costs of maintaining the pier facility used by THNC. The increase in cost of services was attributable mainly to higher volume delivered by RTN in the first half of 2018, which jumped by 12%; and increase in share in fixed cost, from 3% to 6%; and hike in fuel prices, which rose by an average of between ₱9.00/liter to ₱10.00/liter. Also, additional employees were hired during the period.

Cost of Power Generation

Cost of power generation increased by 57% to ₱149.1 million from ₱94.8 million in the first half of 2018 because Jobin operated at an average operating capacity of 29.33 MW during the period compared to last year wherein it operated at an average operating capacity of 23.55 MW only. Before that Jobin operated at 7.2 MW capacity.

Operating Expenses

Shipping and Loading Costs

Shipping and loading costs grew by 13% as more Landing Craft Transports were chartered much earlier in the year since the Company started to ship-out ore earlier during the first half of the year compared to the same period last year. In addition, higher volumes were handled by contractors, thus the fees went up.

Excise Taxes and Royalties

Our excise taxes and royalties jumped 28% to ₱644.5 million from ₱501.8 million due to the implementation of the Tax Reform for Acceleration and Inclusion (TRAIN) Law which increased the excise tax rate from 2% to 4% effective January 1, 2018.

General and Administrative

General and administrative expenses rose by 32% from ₱375.2 million to ₱494.0 million in the first half of 2018 which resulted from higher business taxes paid due to higher income base in 2017 than 2016, payment of ₱8.0 million real property tax for the diesel power plant, higher documentary stamp tax on remittances caused by the implementation of the TRAIN law and payment of SEC filing fees for the extension of RTN's corporate life. Personnel cost also rose by 14% since new employees (particularly officers/managers) were hired, and due to annual increase in employee rates and/or benefits.

Finance Income

Our finance income went up by 37% to ₱206.5 million from ₱151.2 million which arose mainly from the gains we realized from the disposal of one of our offshore investments.

Finance Expenses

Our finance expenses dropped by 34% to ₱84.2 million from ₱127.0 million as a result of Emerging Power Inc.'s (EPI) 50% partial payment of its bank loans in September 2017.

Equity in Net Income of Associates

Our equity in net income of THNC and CBNC rose from ₱55.4 million to ₱525.9 million. Profitable operations of our associates were achieved due to better LME prices for nickel ore, lower operating costs and higher cobalt prices. Cobalt is a by-product of the processing plants of THNC and CBNC. The depreciation of peso as against US dollar also contributed to the significant increase in our equity.

Other Income - Net

Our other income - net went up by 133% to ₱499.1 million from ₱214.0 million mainly due to depreciation of peso against US dollar. In the first half of 2018, the average foreign exchange rate was ₱52.00/US\$1 compared to ₱49.90/US\$1 in 2017. However, the gain from foreign exchange was partially offset by the increase in demurrage by ₱71.6 million caused by the rainy weather condition in the site.

Provision for Income Tax - Net

Our net provision for income tax was lower by 12% due to lower taxable income base.

Net Income

As a result of the foregoing, our consolidated net income was ₱2,083.8 million in the first half of 2018 compared to ₱2,197.5 million in the first half of 2017. Net of non-controlling interests, our net income were almost the same at ₱1,568.7 million in the first half of 2018 and ₱1,535.1 million in the first half of 2017.

Statement of Financial Position

As at June 30, 2018, total assets climbed to ₱46,807.4 million from ₱45,737.1 million as of the end of 2017. Current assets slightly went up to ₱21,249.5 million from ₱20,898.4 million following the net increase in our cash, particularly from operations, by ₱552.9 million; receivables from customers by ₱802.8 million which were also collected in the following month; and prepayments and other current assets by ₱171.6 million. However, the increase was partially offset by the decline in our AFS financial assets due to disposal of one of our offshore investments.

Noncurrent assets improved by 3% from ₱24,838.7 million to ₱25,557.9 million and this was propelled by the 29% growth in our investments in associates due to favorable results of operations of THNC and CBNC plus the effect of our share in cumulative translation adjustment which resulted to a total net favorable impact of ₱850.0 million.

Current liabilities rose by 4% to ₱9,974.4 million from ₱9,614.4 million due to the ₱290.8 million increase in our income tax payable owing to the first half income tax expense.

Noncurrent liabilities slid by only 1% to ₱2,879.9 million from ₱2,904.5 million due to decrease in deferred income tax liabilities by ₱88.3 million. But additional accrual of pension cost and revaluation of foreign currency denominated loans partially offset the said decline.

Our equity net of non-controlling interests slightly improved by 2% to ₱30,191.7 million from continued profitable operations during the first half of the year.

Statement of Cash Flows

Net cash from operating activities in the first half of 2018 amounted to ₱1,860.4 million compared to ₱3,090.5 million in the same period last year. It went down in 2018 due to lower revenue resulting from weaker ore export prices and higher operating costs and expenses resulting from higher taxes and fuel cost due to the implementation of the TRAIN law and higher maintenance costs.

Cash from or used in investment activities arose from net acquisitions or net disposals of property and equipment and AFS financial assets, additions to project development costs and geothermal exploration and evaluation assets, and receipt of interest. In first half of 2018, acquisitions of AFS financial assets and property and equipment were notably lower by ₱1,839.1 million and ₱371.8 million, respectively, compared to the same period last year leading to a significant decline in cash used for investment purposes.

Cash used in financing activities arose mainly from payments of cash dividends, long-term and short-term debts and interest which amounted to a total of ₱1,750.0 million and ₱1,314.1 million in the first half of 2018 and 2017, respectively.

As at June 30, 2018 and 2017, cash and cash equivalents amounted to ₱10,198.8 million and ₱10,154.9 million, respectively.

KEY PERFORMANCE INDICATORS

1) TOTAL COST PER VOLUME SOLD

The total cost per volume of ore sold provides a cost profile for each operating mine and allows us to measure and compare operating performance as well as changes in per unit costs from period to period.

The total cost includes production, shipping and loading costs, excise taxes and royalties, and general and administrative expenses incurred by the Group.

The average cost per volume of ore sold for the first half of 2018 was ₱571.69 per WMT on the basis of aggregate costs of ₱5,085.1 million and a total sales volume of 8,894.8 thousand WMT of ore. This compares to ₱507.55 per WMT during the same period in 2017 on the basis of aggregate costs of ₱4,529.7 million and a total sales volume of 8,924.6 thousand WMT of ore.

2) ATTRIBUTABLE NET INCOME

Attributable net income represents the portion of consolidated profit or loss for the period, net of income taxes, which is attributable to the Parent Company. This is a relevant and transparent metric of the information contained in the consolidated financial statements. The net income attributable to equity holders of the Parent Company for the first half of 2018 was ₱1,568.7 million compared to ₱1,535.1 million in the same period last year.

3) NUMBER OF HECTARES REHABILITATED/REFORESTED

We adhere to the principles and practices of sustainable development. We are committed to complying and following environmental regulations by implementing best practices in managing environmental impacts of our operations. To manage environmental impacts, the Company's subsidiaries have an Environmental Protection and Enhancement Program (EPEP). This refers to the comprehensive and strategic environmental management plan for the life of mining projects to achieve the environmental management objectives, criteria and commitments including protection and rehabilitation of the affected environment. A major component under our EPEP is the rehabilitation and reforestation of the areas affected by our mining operations. We also participate in the government's National Greening Program where we plant trees and/or donate seedlings outside of our mining properties. For the first half of 2018 and 2017, the Group has rehabilitated and reforested a total of 82 hectares and 47 hectares, respectively, with corresponding number of trees planted of about 208,274 and 101,552, respectively.

4) FREQUENCY RATE

Health and safety are integral parts of our personnel policies. Our comprehensive safety program is designed to minimize risks to health arising out of work activities and to assure compliance with occupational health and safety standards and rules and regulations that apply to our operations. We measure our safety effectiveness through the Frequency Rate which is the ratio of lost-time accidents to total man-hours worked for the period. Our frequency rate was nil and 0.16 for the first half of 2018 and 2017, respectively.

Liquidity and Capital Resources

As of June 30, 2018 and December 31, 2017, our principal source of liquidity was cash from our operations. We incurred long-term debt to finance the construction of our Rio Tuba and Taganito pier facilities. We receive income from CBNC and THNC under throughput agreements whereby amounts are payable by CBNC and THNC to RTN and TMC, respectively, for the use of the pier facilities. The revenues that we receive from CBNC and THNC under the throughput agreements have

typically been sufficient to service our long-term debt. In addition, we also incurred long-term debt to finance the solar project of Jobin and the geothermal exploration and evaluation assets of Mindoro Geothermal Power Corporation (MGPC) and Biliran Geothermal Inc. (BGI). Any revenue that will be earned by Jobin, MGPC and BGI upon start of their commercial operations will be used to pay-off the debt.

As of June 30, 2018 and December 31, 2017, our working capital, defined as the difference between our current assets and current liabilities, was ₱11,275.1 million and ₱11,284.0 million, respectively. We expect to meet our working capital, capital expenditure and investment requirements from the cash flow coming from our operations and pay-off the debts that we have incurred to finance the construction of pier facilities at our Rio Tuba and Taganito properties and EPI's project development costs. We may also from time to time seek other sources of funding, which may include debt or equity financings, depending on our financing needs and market conditions.

Qualitative and Quantitative Disclosures about Market Risk

Commodity Price Risk

The price of nickel is subject to fluctuations driven primarily by changes in global demand and global production of similar and competitive mineral products. This therefore required us to change the pricing mechanism on our sales of saprolite ore to our Japanese customers, which was traditionally linked to LME prices. Effective April 1, 2014, the pricing of saprolite ore to Japan was therefore changed to a negotiated price per WMT of ore, similar to the pricing of ore to China. The price of limonite ore is closely correlated to international iron ore price index. The prices of nickel ore delivered to CBNC and THNC are determined based on a payable percentage of the nickel contained in the ore delivered and a formula related to LME prices over the period the nickel ore was delivered. To mitigate the impact of such price movements, the Company may opt to enter into commodity put option contracts.

Foreign Currency Risk

Our foreign currency risk results primarily from movements of the peso against the US\$ on transactions in currencies other than Peso. Such exposure arises mainly from cash and cash equivalents, AFS financial assets, long-term debt and sales of beneficiated nickel ore denominated in US\$. Because almost all of our revenues are earned in US\$ while most of our expenses are paid in Peso, appreciation of the Peso against the US\$ effectively reduces our revenue without a corresponding reduction in our expenses and can result in a reduction in our net income. In addition, because a portion of our cash and cash equivalents, AFS financial assets and long-term debt are denominated in US\$, the appreciation of the peso against the US\$ reduces the value of our total assets and liabilities in peso terms in our consolidated financial statements. We are not currently a party to any foreign currency swap agreements and our policy is not to hedge foreign currency exchange risk.

To mitigate the effect of foreign currency risk, the Company will seek to accelerate the collection of foreign currency-denominated receivables and the settlement of foreign-currency denominated payables, whenever practicable. Also, foreign exchange movements are monitored on a daily basis.

Equity Price Risk

Equity price risk is the risk to earnings or capital arising from changes in stock prices relating to the quoted equity securities that we own. Our exposure to equity price risk relates primarily to our AFS financial assets in various stocks of listed companies.

The Company's policy is to maintain the risk to an acceptable level. Movement in share price and market value of the assets are monitored regularly to determine impact on our financial position.

Nickel Ore Trade

Nickel ore in the country is mainly exported to China. We estimated that nickel mines in the Philippines exported 15.8 million WMT to China in the first half of 2018, down by 7.8% on a year-on-year basis. On the other hand, the estimated nickel ore export to China from nickel mines in Indonesia was 8.8 million WMT in the first half of 2018.

LME nickel price increased by 42% on a year-on-year basis in the first half of 2018, while middle grade nickel ore price decreased by 21% on a year-on-year basis. This is mainly due to relaxation of nickel ore export ban in Indonesia in 2017, which resulted in oversupply of nickel ore.

Seasonality of Operations

Mining operations at the majority of the Group's mines are suspended and we are often unable to load ore into shipping vessels during the rainy season. This seasonality results in quarter-to-quarter volatility in the Group's operating results with more revenue being earned and more expenses being incurred in the second and third fiscal quarters than in the first and fourth fiscal quarters.

Material Commitment for Capital Expenditures

Jobin entered into Engineering, Procurement, and Construction Management contract with SunSource Energy Private Limited (SSEPL) for the implementation of the entire 92.86 MW phase of the Sta. Rita Solar Power Project. The scope of the service agreement between Jobin and SSEPL covers the designing, planning, engineering, procurement (manufacturing/supply), construction/erection management, testing and commissioning of the utility scale solar photovoltaic plant under Phase II. Funding to finance this project will come from internally generated funds, advances from related parties, borrowings from banks and/or ultimate parent company, or thru additional capital infusion.

Off-balance Sheet Arrangements

Under the Suretyship Agreement executed by and between the Parent Company and Security Bank Corporation (SBC) on August 4, 2015, the Parent Company solidarily with EPI guarantees and warrants to SBC, its assigns and successors-in-interest, prompt and full payment and performance of EPI's obligations to SBC.

Other than the Suretyship Agreement mentioned above, we have not entered into any off-balance sheet transactions or obligations (including contingent obligations), or other relationships with unconsolidated entities or other persons.

Known Trends, Events, or Uncertainties

On February 13, 2017, Hinatuan Mining Corporation (HMC) a wholly owned subsidiary of the Parent Company and whose tonnage consists of 14% of the Group's total production in 2017, received a letter from Department of Environment and Natural Resources stating that Mineral Production Sharing Agreement (MPSA) in Taganaan Island, Surigao is being cancelled due to alleged violations of Republic Act No. 7942 or the Philippine Mining Act of 1995 as a result of the audit conducted in July 2016. On February 17, 2017, HMC filed a Notice of Appeal with the Office of the President. It is the Parent Company's position that there are no legal and technical grounds to support the cancellation of HMC's MPSA. The Parent Company will pursue all legal remedies to overturn the said order because of due process violations and the absence of any basis that would warrant a suspension of HMC's operations, much less the cancellation of its MPSA.

As June 30, 2018, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Group;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Group's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Group's continuing operations;
- Seasonal aspects that had a material impact on the Group's results of operations; and
- Material changes in the financial statements of the Group for the periods ended June 30, 2018 and December 31, 2017, except those mentioned in the preceding.
- Known event that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation that have not been booked, although the Group could be contingently liable for lawsuits and claims arising from the ordinary course of business, which contingencies are not presently determinable.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
PART II - FINANCIAL SOUNDNESS INDICATORS
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

	2018	2017
<i>A. Liquidity analysis ratios</i>		
Current ratio or working capital ratio	2.13	2.46
Quick ratio	1.66	1.99
Solvency ratio	3.64	3.16
<i>B. Financial leverage ratios</i>		
Debt ratio	0.27	0.32
Debt-to-equity ratio	0.38	0.46
Asset-to-equity ratio	1.38	1.46
Interest coverage ratio	42.14	29.38
<i>C. Profitability ratios</i>		
Net profit margin	0.28	0.28
Return on assets	0.04	0.05
Return on equity	0.06	0.07
Gross profit margin	0.51	0.58
Price/earnings ratio	22.10	32.00

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **NICKEL ASIA CORPORATION**

By:



Martin Antonio G. Zamora
President

August 8, 2018



Emmanuel L. Samson
Senior Vice President and Chief Financial Officer

August 8, 2018

NICKEL ASIA CORPORATION
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INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim Consolidated Statements of Financial Position as at June 30, 2018 and
December 31, 2017

Interim Consolidated Statements of Income for the six-month period ended
June 30, 2018 and 2017

Interim Consolidated Statements of Comprehensive Income for the six-month period ended
June 30, 2018 and 2017

Interim Consolidated Statements of Changes in Equity for the six-month period ended
June 30, 2018 and 2017

Interim Consolidated Statements of Cash Flows for the six-month period ended
June 30, 2018 and 2017

Notes to Consolidated Financial Statements

NICKEL ASIA CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018

(With Comparative Audited Figures as at December 31, 2017)

(Amounts in Thousands)

	June 30, 2018	December 31, 2017
	(Unaudited)	(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱10,198,838	₱9,645,932
Trade and other receivables (Notes 5 and 29)	1,669,848	905,125
Inventories (Note 6)	3,595,215	3,502,414
Available-for-sale (AFS) financial assets (Note 7)	4,694,673	5,925,682
Prepayments and other current assets	1,090,931	919,285
Total Current Assets	21,249,505	20,898,438
Noncurrent Assets		
Property and equipment (Note 8)	15,449,610	15,388,259
Investments in associates (Note 9)	3,802,146	2,952,132
Geothermal exploration and evaluation assets (Note 10)	1,789,098	1,784,183
AFS financial assets - net of current portion (Note 7)	725,607	732,738
Deferred income tax assets - net	169,503	333,094
Long-term stockpile inventory - net of current portion (Note 11)	-	167,559
Other noncurrent assets	3,621,913	3,480,696
Total Noncurrent Assets	25,557,877	24,838,661
TOTAL ASSETS	₱46,807,382	₱45,737,099
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 12 and 29)	₱7,667,856	₱7,569,941
Income tax payable	526,048	235,233
Other current liability	169,079	169,079
Current portion of:		
Long-term debts (Note 13)	1,606,443	1,635,178
Long-term payable	5,000	5,000
Total Current Liabilities	9,974,426	9,614,431
Noncurrent Liabilities		
Long-term debts - net of current portion (Note 13)	1,377,311	1,349,211
Deferred income tax liabilities - net	678,542	766,874
Provision for mine rehabilitation and decommissioning (Note 14)	393,325	388,787
Pension liability	353,430	320,781
Deferred income - net of current portion	56,564	58,659
Long-term payable - net of current portion	20,745	20,168
Total Noncurrent Liabilities	2,879,917	2,904,480
Total Liabilities	12,854,343	12,518,911
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 15)	3,808,665	3,808,665
Additional paid-in capital	8,262,455	8,262,455
Other components of equity:		
Share in cumulative translation adjustment (Note 9)	855,810	564,152
Cost of share-based payment plan (Note 16)	139,531	137,635
Net valuation gains (losses) on AFS financial assets	(51,199)	163,935
Asset revaluation surplus	31,906	32,097
Retained earnings		
Unappropriated	16,048,978	15,392,459
Appropriated (Note 15)	1,095,583	1,095,583
	30,191,729	29,456,981
Non-controlling Interests (NCI)	3,761,310	3,761,207
Total Equity	33,953,039	33,218,188
TOTAL LIABILITIES AND EQUITY	₱46,807,382	₱45,737,099

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED JUNE 30, 2018 AND 2017
(Amounts in Thousands, Except Earnings per Share)

	2018	2017
	(Unaudited)	
REVENUES (Note 29)		
Sale of ore	₱4,983,015	₱5,092,161
Services and others	158,996	171,834
Sale of power	69,625	64,639
	5,211,636	5,328,634
COSTS		
Sale of ore (Note 18)	2,197,956	2,064,920
Services (Note 19)	94,689	91,270
Power generation (Note 20)	86,659	75,837
	2,379,304	2,232,027
OPERATING EXPENSES		
Shipping and loading costs (Note 21)	610,000	558,879
Excise taxes and royalties (Note 22)	502,973	396,176
General and administrative (Note 23)	263,725	199,538
Marketing	38,026	36,937
	1,414,724	1,191,530
FINANCE INCOME (Note 26)	74,761	91,595
FINANCE EXPENSES (Note 27)	(42,206)	(62,527)
EQUITY IN NET INCOME OF ASSOCIATES (Note 9)	331,263	65,669
OTHER INCOME - Net (Note 28)	126,832	128,919
INCOME BEFORE INCOME TAX	1,908,258	2,128,733
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30)		
Current	526,905	604,779
Deferred	25,073	(18,605)
	551,978	586,174
NET INCOME	₱1,356,280	₱1,542,559
Net income attributable to:		
Equity holders of the parent	₱992,682	₱1,157,640
NCI	363,598	384,919
	₱1,356,280	₱1,542,559
Basic/Diluted Earnings Per Share (EPS)	₱0.13	₱0.15

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(Amounts in Thousands, Except Earnings per Share)

	2018	2017
	(Unaudited)	
REVENUES (Note 29)		
Sale of ore	P6,937,638	P7,399,724
Services and others	308,452	320,411
Sale of power	129,487	101,347
	7,375,577	7,821,482
COSTS		
Sale of ore (Note 18)	3,260,154	3,047,939
Services (Note 19)	185,665	176,830
Power generation (Note 20)	149,063	94,779
	3,594,882	3,319,548
OPERATING EXPENSES		
Shipping and loading costs (Note 21)	848,593	749,801
Excise taxes and royalties (Note 22)	644,452	501,814
General and administrative (Note 23)	493,965	375,160
Marketing	38,026	36,937
	2,025,036	1,663,712
FINANCE INCOME (Note 26)	206,507	151,168
FINANCE EXPENSES (Note 27)	(84,184)	(127,004)
EQUITY IN NET INCOME OF ASSOCIATES (Note 9)	525,949	55,420
OTHER INCOME - Net (Note 28)	499,109	213,976
INCOME BEFORE INCOME TAX	2,903,040	3,131,782
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30)		
Current	752,013	994,273
Deferred	67,245	(60,024)
	819,258	934,249
NET INCOME	P2,083,782	P2,197,533
Net income attributable to:		
Equity holders of the parent	P1,568,679	P1,535,149
NCI	515,103	662,384
	P2,083,782	P2,197,533
Basic/Diluted EPS (Note 17)	P0.21	P0.20

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(Amounts in Thousands)

	2018	2017
	(Unaudited)	
NET INCOME	₱2,083,782	₱2,197,533
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Other comprehensive income (loss) to be reclassified to consolidated statements of income in subsequent periods:</i>		
Share in translation adjustment of associates	291,658	199,357
Net valuation gains (losses) on AFS financial assets	(215,134)	37,708
Net other comprehensive income to be reclassified to consolidated statements of income in subsequent periods	76,524	237,065
<i>Other comprehensive loss not to be reclassified to consolidated statements of income in subsequent periods:</i>		
Asset revaluation surplus	(191)	(191)
TOTAL OTHER COMPREHENSIVE INCOME - NET OF TAX	76,333	236,874
TOTAL COMPREHENSIVE INCOME - NET OF TAX	₱2,160,115	₱2,434,407
Total comprehensive income attributable to:		
Equity holders of the parent	₱1,645,012	₱1,772,023
NCI	515,103	662,384
	₱2,160,115	₱2,434,407

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(Amounts in Thousands)

	Equity Attributable to Equity Holders of the Parent										Total	NCI	Total
	Capital Stock (Note 15)	Additional Paid-in Capital	Cost of Share-based Payment Plan (Note 16)	Net Valuation Gains (Losses) on AFS Financial Assets	Share in Cumulative Translation Adjustment (Note 9)	Asset Revaluation Surplus	Retained Earnings		Total	Total			
							Unappropriated	Appropriated (Note 15)					
Balances at December 31, 2017	₱3,808,665	₱8,262,455	₱137,635	₱163,935	₱564,152	₱32,097	₱15,392,459	₱1,095,583	₱29,456,981	₱3,761,207	₱33,218,188		
Net income	-	-	-	-	-	-	1,568,679	-	1,568,679	515,103	2,083,782		
Other comprehensive income (loss)	-	-	-	(215,134)	291,658	(191)	-	-	76,333	-	76,333		
Total comprehensive income (loss)	-	-	-	(215,134)	291,658	(191)	1,568,679	-	1,645,012	515,103	2,160,115		
Cost of share-based payment plan (Note 16)	-	-	1,896	-	-	-	-	-	1,896	-	1,896		
Cash dividends - ₱0.12 per common share (Note 15)	-	-	-	-	-	-	(912,351)	-	(912,351)	-	(912,351)		
Cash dividends to NCI	-	-	-	-	-	-	-	-	-	(515,000)	(515,000)		
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	191	-	191	-	191		
Balances at June 30, 2018 (Unaudited)	₱3,808,665	₱8,262,455	₱139,531	(₱51,199)	₱855,810	₱31,906	₱16,048,978	₱1,095,583	₱30,191,729	₱3,761,310	₱33,953,039		

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION
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June 30, 2018

	Equity Attributable to Equity Holders of the Parent										
	Capital Stock (Note 15)	Additional Paid-in Capital	Cost of Share-based Payment Plan	Net Valuation Gains on AFS Financial Assets	Share in Cumulative Translation Adjustment	Asset Revaluation Surplus	Retained Earnings		Total	NCI	Total
							Unappropriated	Appropriated (Note 15)			
Balances at December 31, 2016	₱3,808,665	₱8,300,002	₱126,622	₱12,954	₱409,286	₱32,480	₱13,221,526	₱1,108,956	₱27,020,491	₱4,179,162	₱31,199,653
Net income	-	-	-	-	-	-	1,535,149	-	1,535,149	662,384	2,197,533
Other comprehensive income (loss)	-	-	-	37,708	199,357	(191)	-	-	236,874	-	236,874
Total comprehensive income (loss)	-	-	-	37,708	199,357	(191)	1,535,149	-	1,772,023	662,384	2,434,407
Cost of share-based payment plan	-	-	6,967	-	-	-	-	-	6,967	-	6,967
Cash dividends - ₱0.08 per common share (Note 15)	-	-	-	-	-	-	(608,234)	-	(608,234)	-	(608,234)
Cash dividends to NCI	-	-	-	-	-	-	-	-	-	(830,000)	(830,000)
Asset revaluation surplus transferred to retained earnings	-	-	-	-	-	-	191	-	191	-	191
Balances at June 30, 2017 (Unaudited)	₱3,808,665	₱8,300,002	₱133,589	₱50,662	₱608,643	₱32,289	₱14,148,632	₱1,108,956	₱28,191,438	₱4,011,546	₱32,202,984

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(Amounts in Thousands)

	2018	2017
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱2,903,040	₱3,131,782
Adjustments for:		
Depreciation, amortization and depletion (Notes 8 and 25)	657,880	753,974
Equity in net losses (income) of associates (Note 9)	(525,949)	(55,420)
Interest income (Note 26)	(160,299)	(143,354)
Interest expense (Notes 13, 19 and 27)	70,566	110,349
Loss (gain) on sale of:		
AFS financial assets (Note 26)	(46,208)	(7,814)
Property and equipment (Note 28)	(270)	5,620
Reversal of allowance for impairment losses on property and equipment (Note 28)	–	(12,825)
Movements in pension liability	29,668	17,322
Dividend income (Note 28)	(27,430)	(26,671)
Unrealized foreign exchange gains - net	(11,021)	(19,073)
Accretion of interest on provision for mine rehabilitation and decommissioning (Notes 14 and 27)	4,538	4,779
Cost of share-based payment plan (Notes 16 and 24)	1,896	6,967
Operating income before working capital changes	2,896,411	3,765,636
Decrease (increase) in:		
Trade and other receivables	(765,895)	(332,447)
Inventories	74,758	96,776
Prepayments and other current assets	(171,108)	(79,588)
Increase in trade and other payables	287,397	520,251
Net cash generated from operations	2,321,563	3,970,628
Income taxes paid	(461,198)	(880,128)
Net cash flows from operating activities	1,860,365	3,090,500
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of:		
AFS financial assets	2,243,135	2,716,887
Property and equipment	1,098	12,605
Acquisitions of:		
AFS financial assets (Note 7)	(1,122,975)	(2,962,101)
Property and equipment (Note 8)	(720,669)	(1,092,496)
Interest received	162,980	140,003
Increase in:		
Other noncurrent assets	(141,217)	(93,152)
Geothermal exploration and evaluation assets	(4,915)	(43,800)
Dividends received	27,237	26,706
Net cash flows from (used in) investing activities	444,674	(1,295,348)

(Forward)

NICKEL ASIA CORPORATION
17-Q Quarterly Report
June 30, 2018

	2018	2017
	(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends	(P1,622,351)	(P970,734)
Long-term debts	(71,050)	(57,413)
Short-term debt	-	(180,000)
Interest paid	(56,637)	(105,951)
Increase (decrease) in:		
Deferred income	(2,095)	(2,095)
Other current liability	-	28,000
Net cash flows used in financing activities	(1,752,133)	(1,288,193)
NET INCREASE IN CASH AND CASH EQUIVALENTS	552,906	506,959
CASH AND CASH EQUIVALENTS AT JANUARY 1	9,645,932	9,647,943
CASH AND CASH EQUIVALENTS AT JUNE 30 (Note 4)	P10,198,838	P10,154,902

See accompanying Notes to Unaudited Consolidated Financial Statements.

NICKEL ASIA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Number of Shares, Per Share Data and as Indicated)

1. Corporate Information

Nickel Asia Corporation (NAC; Parent Company) was registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 2008. The Parent Company is primarily engaged in investing in and holding of assets of every kind and description and wherever situated, as and to the extent permitted by law. It is also registered, within the limits prescribed by law, to engage in the business of mining of all kinds of ore, metals and minerals and in the business of generation, transmission, distribution and supply of electricity to cities and other localities and to the public in general.

The common shares of the Parent Company were listed on the Philippine Stock Exchange (PSE) on November 22, 2010. The registered office address of the Parent Company is at 28th floor NAC Tower, 32nd Street, Bonifacio Global City, Taguig City.

The Subsidiaries

Hinatuan Mining Corporation (HMC)

HMC was registered with the SEC on October 9, 1979, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Hinatuan, Surigao del Norte and Manicani Island, Eastern Samar. HMC is also engaged in the chartering out of Landing Craft Transport (LCT) and providing complete marine services.

Cagdianao Mining Corporation (CMC)

CMC was registered with the SEC on July 25, 1997, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Barangay Valencia, Municipality of Cagdianao, Province of Dinagat Island.

Samar Nickel Mining Resources Corporation (SNMRC)

SNMRC was registered with the SEC on March 11, 2010, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of mineral ores. SNMRC has not yet started commercial operations.

La Costa Shipping and Lighterage Corporation (LCSLC)

LCSLC was registered with the SEC on October 23, 1992, is a 100% owned subsidiary of the Parent Company through HMC, and is primarily engaged in the chartering out of LCT and providing complete marine services. LCSLC was acquired by HMC in April 2010. In a resolution dated May 6, 2014, the Board of Directors (BOD) of LCSLC authorized the sale of all of its LCT to HMC for a consideration.

Dinapigue Mining Corporation (DMC)

DMC, formerly Geogen Corporation (Geogen), was registered with the SEC on October 9, 1998, is a 100% owned subsidiary of the Parent Company and is primarily engaged in the exploration, exploitation and mining of metallic and non-metallic minerals, including, but not limited to, nickel, iron, cobalt, chromite and other associated mineral deposits. Currently, DMC is under development stage.

On January 16, 2018, the BOD of Geogen approved to change its corporate name to Dinapigue Mining Corporation. The application for the change in the corporate name was approved by the SEC on March 5, 2018.

Falck Exp Inc. (FEI)

FEI was registered with the SEC on November 22, 2005, is an 88% owned subsidiary of the Parent Company through HMC, CMC and Taganito Mining Corporation (TMC), and is primarily engaged in the business of exploring, prospecting and operating mines and quarries of all kinds of ores and minerals, metallic and non-metallic. On August 8, 2014, the BOD of FEI approved the immediate dissolution of FEI. Thereafter, the liquidation process commenced and as a result, FEI changed from going-concern to liquidation basis of accounting. On November 17, 2016, the termination of FEI's registration with the Bureau of Internal Revenue was approved. Final dissolution will take place after the approval of FEI's application with the SEC. As at June 30, 2018, FEI is still waiting for the approval of SEC.

Cordillera Exploration Co., Inc. (CExCI)

CExCI was registered with the SEC on October 19, 1994, is a 71.25% owned subsidiary of the Parent Company and is primarily engaged in the business of large-scale exploration, development and utilization of mineral resources. CExCI has a number of mining properties at various stages of exploration. It is currently not engaged in any development or commercial production activities.

Newminco Pacific Mining Corporation (Newminco)

Newminco was registered with the SEC on October 9, 2006, is a 71.25% owned subsidiary of the Parent Company through CExCI, and is primarily engaged in the exploration, mining, development, utilization, extraction, beneficiation and marketing of minerals and mineral resources. It is currently not engaged in any development or commercial production activities.

Taganito Mining Corporation

TMC was registered with the SEC on March 4, 1987, is a 65% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Claver, Surigao del Norte. TMC also provides services which involves the handling, hauling and transportation of materials required in the processing operations of Taganito HPAL Nickel Corporation (THNC).

Rio Tuba Nickel Mining Corporation (RTN)

RTN was registered with the SEC on July 15, 1969, is a 60% owned subsidiary of the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in Barangay Rio Tuba, Municipality of Bataraza, Palawan and providing non-mining services required in the processing operations of Coral Bay Nickel Corporation (CBNC).

Emerging Power Inc. (EPI)

EPI was registered with the SEC on October 16, 2007, is an 86.29% owned subsidiary of the Parent Company and is primarily engaged in the renewable energy business.

Mindoro Geothermal Power Corporation (MGPC)

MGPC was registered with the SEC on May 7, 2014, is an 86.29% owned subsidiary of the Parent Company through EPI, and is primarily engaged in the renewable energy business.

By virtue of a Deed of Assignment of rights and obligations of EPI under Geothermal Renewable Energy Service Contract No. 2010-02-013 on November 24, 2014, MGPC acquired the exclusive rights to explore, develop and exploit geothermal resources covering a geothermal field in the municipality of Naujan, Oriental Mindoro.

Manta Energy Inc. (MEI)

MEI was registered with the SEC on May 21, 2007, is an 86.29% owned subsidiary of the Parent Company through EPI, and is primarily engaged in power business, including but not limited to power generation, power trading and supply to retail customers and end users. On July 5, 2016, the Energy Regulatory Commission (ERC) approved MEI's registration as Registered Electric Supplier for a period of five (5) years, and renewable thereafter.

Biliran Holdings Inc. (BHI)

BHI was registered with the SEC on July 31, 2015, is an 86.29% owned subsidiary of the Parent Company through EPI, and is primarily engaged in investing in and holding of assets of every kind and description, as and to the extent permitted by law. It is also registered, within the limits prescribed by law, to engage in the business of infrastructure, power generation, real estate, manufacturing, trading and agribusiness and to pay other evidences of indebtedness or securities of this or any other corporation.

Jobin-SQM, Inc. (Jobin)

Jobin was registered with the SEC on January 6, 2010, is an 86.29% owned subsidiary of the Parent Company through EPI, and is primarily engaged in power business, including but not limited to power generation, power trading and supply to retail customers and end users. Jobin was acquired by EPI on September 11, 2015. On May 23, 2016, Jobin entered into the testing and commissioning phase for the 7.14 megawatt (MW) Sta. Rita Solar Power Project. On November 7, 2016, Jobin was granted by ERC a Provisional Authority to Operate (PAO) to transition from testing and commissioning phase to actual production and operation phase for a period of six (6) months for its 7.14 MW Sta. Rita Solar Power Project pending approval of Jobin's dedicated point to point limited facilities to connect to the transmission system. On March 18, 2017, Jobin commenced testing and commissioning phase for the 25.19 MW Sta. Rita Solar Power Project and was granted by ERC a PAO to transition from testing and commissioning phase to actual production on September 27, 2017.

Biliran Geothermal Inc. (BGI)

BGI was registered with the SEC on October 31, 2007, is a 51.77% owned subsidiary of the Parent Company through EPI. The principal activities of BGI are to explore, exploit, discover, develop, extract, dig and drill for, produce, utilize, refine, treat, process, transport, store, market, sell, use, supply, experiment with, distribute, manufacture, or otherwise deal in, any substance, minerals or otherwise, which by itself or in contribution with other substances generate or emanate heat or power and to enter into and perform service contracts including geothermal services. On December 28, 2014, BGI received the Confirmation of Commerciality for the Biliran Geothermal Project from the Philippine Government through the Department of Energy. BGI was acquired by BHI on December 17, 2015.

Mantex Services Inc. (Mantex)

Mantex was registered with the SEC on March 26, 2012, is a 43.15% owned subsidiary of the Parent Company through EPI. Mantex is established primarily to provide technical, financial and public relations advisory, management and investments services for infrastructure projects.

The interim consolidated financial statements as at June 30, 2018 and December 31, 2017 and for the six-month period ended June 30, 2018 and 2017, were authorized for issuance by the Parent Company's BOD on August 7, 2018.

2. Basis of Preparation and Consolidation and Statement of Compliance

Basis of Preparation

The accompanying interim consolidated financial statements of the Group as at June 30, 2018 and for the six-month period ended June 30, 2018 and 2017 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

Accordingly, the unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements as at December 31, 2017.

Basis of Consolidation

The interim consolidated financial statements include the Parent Company and the following subsidiaries (collectively referred to as the Group) and its associates:

	Principal Place of Business	Principal Activities	Effective Ownership	
			June 30, 2018	June 30, 2017
<i>Subsidiaries</i>				
HMC	Philippines	Mining and Services	100.00%	100.00%
CMC	Philippines	Mining	100.00%	100.00%
SNMRC	Philippines	Mining	100.00%	100.00%
LCSLC ^(a)	Philippines	Services	100.00%	100.00%
DMC	Philippines	Mining	100.00%	100.00%
FEI ^(b)	Philippines	Mining	88.00%	88.00%
CExCI	Philippines	Mining	71.25%	71.25%
Newminco ^(c)	Philippines	Mining	71.25%	71.25%
TMC	Philippines	Mining and Services	65.00%	65.00%
RTN	Philippines	Mining and Services	60.00%	60.00%
EPI	Philippines	Renewable Energy Developer	86.29%	70.92%
MGPC ^(d)	Philippines	Renewable Energy Developer	86.29%	70.92%
MEI ^(d)	Philippines	Power Generation, Trading and Services	86.29%	70.92%
BHI ^(d)	Philippines	Services	86.29%	70.92%
Jobin ^(d)	Philippines	Power Generation	86.29%	70.92%
BGI ^(d)	Philippines	Power Generation	51.77%	42.55%
Mantex ^(d)	Philippines	Management and Advisory Services	43.15%	35.46%

	Principal Place of Business	Principal Activities	Effective Ownership	
			June 30, 2018	June 30, 2017
<i>Associates</i>				
THNC	Philippines	Manufacturing	10.00%	10.00%
CBNC	Philippines	Manufacturing	10.00%	10.00%

(a) Indirect ownership through HMC

(b) Indirect ownership through HMC, CMC and TMC

(c) Indirect ownership through CExCI

(d) Indirect ownership through EPI

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using uniform accounting policies. When necessary, adjustments are made to the separate financial statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Subsidiaries

Subsidiaries are entities over which the Parent Company has control.

The Parent Company controls an investee if and only if the Parent Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Consolidated statement of income and each component of consolidated statement of comprehensive income are attributed to the equity holders of the Parent Company and to the NCI, even if this results in the NCI having a deficit balance.

NCI

NCI represents interest in a subsidiary that is not owned, directly or indirectly, by the Parent Company.

NCI represents the portion of profit or loss and the net assets not held by the Group. Transactions with NCI are accounted for using the entity concept method, whereby the difference between the consideration and the book value of the share in the net assets acquired is recognized as an equity transaction.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any NCI;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in the consolidated statement of income; and
- Reclassifies the Parent Company's share of components previously recognized in the consolidated statement of comprehensive income to consolidated statement of income or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets or liabilities.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Statement of Compliance

The interim consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2017, except for the adoption of the following amendments and improvements to existing standards and interpretations, which were effective beginning January 1, 2018. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance.

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
- PFRS 9, *Financial Instruments*
- PFRS 15, *Revenue from Contracts with Customers*
- Amendments to PFRS 4, *Insurance Contracts*, Applying PFRS 9, *Financial Instruments*, with PFRS 4
- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*
- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*
- Philippine Interpretation based on International Financial Reporting Interpretations Committee (IFRIC) 22, *Foreign Currency Transactions and Advance Consideration*

The adoption of PFRS 9, *Financial Instruments* will have an effect on the classification and measurement of financial assets and liabilities.

The Group will quantify the effect of changes or amendments in standards in conjunction with the other phases when issued, to present a comprehensive picture. As at June 30, 2018, the Group continues to assess the impact of adopting PFRS 9 and PFRS 15 on its consolidated financial statements. Additional disclosures required by the amendments will be included in the consolidated financial statements when these amendments are adopted.

Standards and Interpretations Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2019:

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- PFRS 16, *Leases*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*

Deferred effectivity:

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group will continue to evaluate the impact of the standards, interpretations and amendments in its consolidated financial statements for the year 2018. Additional disclosures required by these amendments will be included in the Group's consolidated financial statements when these amendments are adopted.

3. Seasonality of Operations

Mining operations at the majority of the Group's mines are suspended and are often unable to load ore into shipping vessels during the rainy season. This seasonality results in quarter-to-quarter volatility in the Group's operating results with more revenue being earned and more expenses being incurred in the second and third fiscal quarters than in the first and fourth fiscal quarters.

4. Cash and Cash Equivalents

	June 30, 2018	December 31, 2017
	(Unaudited)	(Audited)
Cash on hand and with banks	₱1,434,768	₱955,114
Cash under managed funds	146,920	177,014
Short-term cash investments	8,617,150	8,513,804
	₱10,198,838	₱9,645,932

5. Trade and Other Receivables

Trade and other receivables amounting to ₱46.3 million and ₱45.9 million as at June 30, 2018 and December 31, 2017 were impaired and fully provided for with allowance for impairment losses.

The aging analysis of the Group's trade and other receivables as at June 30, 2018 and December 31, 2017 are summarized below:

June 30, 2018 (Unaudited)	Neither Past Due Nor Impaired (High)	Past Due But Not Impaired (30-180 days)	Past Due and Individually Impaired	Total
Trade and other receivables:				
Trade (see Note 29)	₱1,397,240	₱24,892	₱41,542	₱1,463,674
Current portion of loan receivable	64,563	-	-	64,563
Interest receivable	50,939	-	-	50,939
Advances to officers and employees	36,401	14,215	123	50,739
Receivable from CBNC (see Note 29)	12,212	23,946	-	36,158
Amounts owed by related parties (see Note 29)	8,454	-	-	8,454
Others	19,740	17,246	4,597	41,583
Total	₱1,589,549	₱80,299	₱46,262	₱1,716,110

December 31, 2017 (Audited)	Neither Past Due Nor Impaired (High)	Past Due But Not Impaired (30-180 days)	Past Due and Individually Impaired	Total
Trade and other receivables:				
Trade (see Note 29)	₱602,348	₱17,383	₱41,152	₱660,883
Current portion of loan receivable	94,203	-	-	94,203
Interest receivable	53,619	-	-	53,619
Advances to officers and employees	34,562	14,160	123	48,845
Receivable from CBNC (see Note 29)	18,830	21,849	-	40,679
Amounts owed by related parties (see Note 29)	7,351	-	-	7,351
Others	40,820	-	4,597	45,417
Total	₱851,733	₱53,392	₱45,872	₱950,997

6. Inventories

As at June 30, 2018 and December 31, 2017, inventories amounting to ₱85.6 million were assessed to be impaired and were provided for with allowance for impairment losses. There was no provision for impairment losses on inventories for the six months ended June 30, 2018 and 2017. Reversal of allowance for impairment losses on inventories amounted to nil and ₱2.0 million for the six months ended June 30, 2018 and 2017, respectively.

The cost of beneficiated nickel ore and limestone provided with allowance for impairment losses amounted to ₱3,160.5 million and ₱3,147.1 million as at June 30, 2018 and December 31, 2017, respectively, while the cost of materials and supplies provided with allowance for impairment losses amounted to ₱520.3 million and ₱441.0 million as at June 30, 2018 and December 31, 2017, respectively.

7. AFS Financial Assets

The movements in AFS financial assets as at June 30, 2018 and December 31, 2017 are as follows:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Balances at January 1	₱6,658,420	₱6,319,078
Additions	1,123,282	5,234,667
Disposals	(2,198,242)	(4,957,281)
Reclassification	(3,608)	–
Effect of changes in foreign exchange rate	79,955	1,033
Valuation gains (losses) on AFS financial assets	(239,527)	194,243
	5,420,280	6,791,740
Less provision for impairment losses	–	133,320
Balances at end of period	₱5,420,280	₱6,658,420

AFS financial assets pertain to investments in common and preferred shares of various local and foreign public and private companies, mutual funds, golf club shares and debt securities which are either unquoted or with quoted market prices.

During the six-month period ended June 30, 2018 and 2017, the Group acquired various AFS financial assets amounting to ₱1,123.3 million and ₱2,991.4 million, respectively, and disposed AFS financial assets amounting to ₱2,198.2 million and ₱2,726.8 million, respectively.

Dividend income earned from AFS financial assets amounted to ₱27.4 million and ₱26.7 million for the six months ended June 30, 2018 and 2017, respectively (see Note 28).

Interest income earned from AFS financial assets amounted to ₱75.8 million and ₱66.1 million for the six months ended June 30, 2018 and 2017, respectively (see Note 26).

8. Property and Equipment

During the six-month period ended June 30, 2018 and 2017, the Group acquired assets with a cost of ₱720.7 million and ₱1,092.5 million, respectively, including construction in-progress.

Pier facilities (included under “Buildings and Improvements”) with a carrying value of nil as at June 30, 2018 and December 31, 2017 were mortgaged as collateral for the long-term debt of RTN (see Note 13).

Depreciation, amortization and depletion expense for the six-month period ended June 30, 2018 and 2017 amounted to ₱657.9 million and ₱754.0 million, respectively (see Note 25).

9. Investments in Associates

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
THNC	₱2,497,903	₱2,083,079
CBNC	1,304,243	869,053
	₱3,802,146	₱2,952,132

The movements in investments in associates follow:

	June 30, 2018 (Unaudited)			December 31, 2017 (Audited)		
	THNC	CBNC	Total	THNC	CBNC	Total
Balances at January 1	₱1,974,700	₱724,410	₱2,699,110	₱1,974,700	₱724,410	₱2,699,110
Accumulated equity in net earnings (losses):						
Balances at January 1	(371,303)	(53,639)	(424,942)	(467,168)	(155,746)	(622,914)
Equity in net income	281,356	244,593	525,949	95,865	102,107	197,972
	(89,947)	190,954	101,007	(371,303)	(53,639)	(424,942)
Share in cumulative translation adjustment:						
Balances at January 1	479,682	198,282	677,964	317,564	188,327	505,891
Movements	133,468	190,597	324,065	162,118	9,955	172,073
	613,150	388,879	1,002,029	479,682	198,282	677,964
Balances at end of period	₱2,497,903	₱1,304,243	₱3,802,146	₱2,083,079	₱869,053	₱2,952,132

The share in cumulative translation adjustment of associates is gross of deferred income tax liability of ₱88.5 million and ₱113.8 million as at June 30, 2018 and December 31, 2017, respectively.

THNC

THNC, a private entity that is not listed on any public exchange, was incorporated and registered with the Philippine SEC on August 22, 2008. THNC is engaged in the manufacture and export of nickel/cobalt mixed sulfide, nickel hydroxide and any and all ingredient and products and by-products, wherein TMC has a Nickel Ore Supply Agreement to supply all of the limonite ore requirements of the Taganito High Pressure Acid Leach (HPAL) facility. TMC also provides services related to the handling, hauling and transportation of materials required in the processing operations of THNC. THNC started commercial operations in October 2013.

CBNC

CBNC, a private entity that is not listed on any public exchange, was incorporated and registered with the Philippine SEC on April 4, 2002. CBNC is engaged in the manufacture and export of nickel/cobalt mixed sulfide wherein RTN has a Nickel Ore Supply Agreement to supply all of the limonite ore requirements of the Coral Bay Hydro Metallurgical Processing Plant (HPP) facility. The agreement provides that it will terminate until the earlier of the cessation of operations at the Coral Bay HPP facility and exhaustion of the limonite ore reserves at the Rio Tuba mine. RTN also supplies limestone and provide ancillary services to Coral Bay HPAL facility.

The net assets of THNC and CBNC amounted to ₱22,598.0 million and ₱31,309.5 million, respectively, as at June 30, 2018, and ₱18,449.8 million and ₱26,957.6 million, respectively, as at December 31, 2017. The results of THNC's and CBNC's operations were net income of ₱2,813.6 million and ₱2,445.9 million, respectively, for the six months ended June 30, 2018 and net income of ₱695.3 million and net loss of ₱141.1 million, respectively, for the six months ended June 30, 2017. The Parent Company's share in cumulative translation adjustment amounted to ₱855.8 million and ₱564.2 million as at June 30, 2018 and December 31, 2017, respectively, and its equity in net income of associates amounted to ₱525.9 million and ₱55.4 million for the six months ended June 30, 2018 and 2017, respectively.

10. Geothermal Exploration and Evaluation Assets

Geothermal exploration and evaluation assets represent the accumulated costs incurred in connection with the exploration and development activities for the Montelago Geothermal Project. The recovery of these costs depends upon determination of technical feasibility, success of exploration activities and discovery of geothermal resource that can be produced in commercial quantities.

As at June 30, 2018 and December 31, 2017, no allowance for impairment losses was recognized on geothermal exploration and evaluation assets.

11. Long-term Stockpile Inventory

The long-term stockpile inventory pertains to low grade ore extracted from RTN's minesite. This amount was not recognized in RTN's books but was recognized by the Parent Company when it acquired the controlling interest in RTN in August 2006. The low grade ore inventory was initially recognized at fair value. The fair value of the long-term stockpile inventory was computed using the present value of the estimated future cash flows of RTN which it will derive from the long-term Nickel Ore Supply Agreement with CBNC. Subsequently, this fair value represented the cost of the long-term stockpile inventory.

A portion amounting to ₱195.4 million and ₱212.0 million, representing the estimated costs of the long-term stockpile inventory that will be delivered to CBNC in the next financial reporting period, were shown as part of "Inventories" as at June 30, 2018 and December 31, 2017, respectively, and the cost of long-term stockpile inventory delivered to CBNC for the six months ended June 30, 2018 and 2017 of ₱184.2 million and ₱94.5 million, respectively, were charged to "Cost of sale of ore" (see Note 18).

The carrying value of long-term stockpile inventory - net of current portion amounted to nil and ₱167.6 million as at June 30, 2018 and December 31, 2017, respectively.

12. Trade and Other Payables

Trade and other payables include amounts payable to regular suppliers, accrued expenses, government payables and other payables. Trade, accrued expenses and other payables, excluding amounts due to Orka Geothermal Investments Pte. Ltd (OGI) and Biliran Geothermal Holdings Inc. (BGHI), which has no fixed repayment date (see Note 29), are noninterest-bearing and are generally settled on demand. Government payables include withholding taxes which are normally settled within fifteen (15) days after the end of each financial reporting month and fringe benefit tax which are normally settled within fifteen (15) days after the end of the quarter on which the fringe benefits are granted to the recipients. Excise tax payable is settled within fifteen (15) days after the end of the quarter when the beneficiated nickel ore and limestone were shipped. Royalties are paid on or before the deadline agreed with the Mines and Geosciences Bureau or other parties.

13. Short-term and Long-term Debts

Short-term debt with Manta Equities Inc. (Manta)

On June 8, 2015, EPI entered into a one (1) year loan agreement with Manta amounting to ₱180.0 million to finance the development expenses of EPI's geothermal power project. The loan bears an annual interest of 5%. The principal and interest is payable at the end of the loan agreement. On June 6, 2016, EPI and Manta extended the loan for another year or up to June 7, 2017 under the same terms of the original loan. The principal and interest were paid in June 2017.

Interest expense incurred in connection with the loans amounted to nil and ₱4.3 million for the six months ended June 30, 2018 and 2017, respectively (see Note 27).

Long-term debts

Long-term debts of the following subsidiaries are as follows:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
EPI	₱1,499,462	₱1,498,159
TMC	1,213,485	1,179,596
Jobin	270,807	284,265
RTN	–	22,369
	2,983,754	2,984,389
Less noncurrent portion:		
TMC	1,120,140	1,092,219
Jobin	257,171	256,992
	1,377,311	1,349,211
Current portion	₱1,606,443	₱1,635,178

EPI Loan

On July 15, 2015, Security Bank Corporation (SBC) approved the loan facility of EPI amounting to ₱3,000.0 million which will be used by EPI in funding its investments and working capital requirements. Staggered releases of loans are allowed up to August 31, 2016 with terms of up to three (3) years from date of every drawdown and payable upon maturity. In the event of default, the loans, together with accrued interest and any other sums payable under the promissory notes will immediately become due and payable.

The loans are secured by a continuing suretyship of the Parent Company. Under the Suretyship Agreement executed by and between the Parent Company and SBC on August 4, 2015, the Parent Company solidarily with EPI, guarantees and warrants to SBC, its assigns and successors-in-interest, prompt and full payment and performance of EPI's obligations to SBC.

On September 29, 2017, EPI prepaid certain promissory notes totaling ₱1,500.0 million. There were no prepayments penalty charged by SBC and the terms of the unpaid promissory notes remain the same.

The carrying amount of long-term debt with SBC, net of unamortized debt issue cost, follows:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Loans payable	₱1,500,000	₱1,500,000
Less unamortized debt issue cost	(538)	(1,841)
Balances at end of period	₱1,499,462	₱1,498,159

Interest expense for the six months ended June 30, 2018 and 2017 amounted to ₱36.0 million and ₱73.8 million, respectively (see Note 27).

The Term Loan Agreement with SBC provides for restrictions with respect to creation or permission to exist any mortgage or pledge, lien or any encumbrance on all free assets owned or acquired by EPI. Also, the Term Loan Agreement restricts EPI to assume, guarantee, endorse or otherwise become directly or contingently liable in connection with any obligation of any other person, firm or corporation; participate or enter into any merger or consolidation; sell, lease, dispose or convey all or substantially all of EPI's assets; make advances or loans to any of the affiliates, subsidiaries, stockholders, directors and officers except in compliance with formally established and existing fringe benefit program of EPI; suspend its business operation or dissolve its affairs; and to enter into any credit or loan agreement or arrangement with any creditor under such terms and conditions that would place SBC in an inferior position risk-wise, vis-a-vis such other creditors. Moreover, the Term Loan Agreement provides for certain conditions, which include, among others, prompt disclosure in writing of any material change in EPI's financial position and conduct of its operations or any substantial change in its management or ownership, conduct operations in accordance with sound business practice, maintenance and preservation of corporate existence, and prompt payment of all taxes, assessment and other governmental charges due. As at June 30, 2018 and December 31, 2017, EPI has been compliant with the covenants contained in the loan facility and agreements.

TMC Loan

On October 4, 2010, TMC entered into an Omnibus Agreement with THNC, wherein the latter granted the former a total loan facility amounting to US\$35.0 million at a prevailing 180-day British Banker Association London Inter-Bank Offered Rate (LIBOR) plus 2% spread, to exclusively finance the construction of the pier facilities within the Taganito Special Economic Zone. The loan shall be drawn down in one or multiple times by July 31, 2011. As at June 30, 2018 and December 31, 2017, the total loan was fully drawn by TMC.

The interest on the loan is payable semi-annually, on October 10 and April 10. The total principal is payable in semi-annual installments of US\$0.9 million starting on October 10, 2011 up to April 10, 2031.

The Omnibus Agreement provides for restriction with respect to creation, assumption, incurrence and permission to exist any lien upon the pier facilities and all TMC's other real rights over the same except as permitted under the Omnibus Agreement. Also, the Omnibus Agreement provides for certain conditions which include, among others, maintenance and preservation of TMC's corporate existence, rights, privileges and licenses, prompt submission of written notice to THNC of any and all litigations and administrative arbitration proceedings before any Governmental authority affecting TMC, prompt payment of all amounts due under the loan documents and maintenance of all Governmental approvals necessary to perform the obligations. As at June 30, 2018 and December 31, 2017, TMC is in compliance with the restrictions.

Interest expense for the six months ended June 30, 2018 and 2017 which amounted to ₱23.9 million and ₱20.9 million, respectively, were included in equipment operating cost under "Cost of services" (see Notes 19 and 29).

As at June 30, 2018 and December 31, 2017, the carrying amount of long-term debt with THNC amounted to ₱1,213.5 million and ₱1,179.6 million, respectively (see Note 29).

Jobin Loan

On April 26, 2016, Jobin entered into a twelve-year (12) term loan agreement with Land Bank of the Philippines (LBP) amounting to ₱300.0 million to partially finance the construction and development of a 7.14 MW Sta. Rita Solar Power Plant and inter-connection assets located in Subic Bay Freeport Zone (SBFZ). The loan is subject to an interest based on the applicable benchmark rate (3-month PDST-R2) plus a minimum spread of 1.50% per annum (p.a.), with a floor rate of 4.75% p.a., subject to quarterly repricing. The loan is payable in forty-four (44) equal quarterly payments, starting at the end of the fifth (5th) quarter from the date of the initial loan and interest is payable quarterly in arrears from the date of initial loan. Jobin is also required to pay gross receipt tax equal to 1% of each interest payment.

The loan shall be secured by the following:

- a) Chattel mortgage on the 7.14 MW Sta. Rita Solar Power Plant
- b) Corporate guarantee of EPI
- c) Assignment of leasehold rights between Jobin and Subic Bay Metropolitan Authority on the lot at Mt. Sta. Rita, SBFZ, and 2,300 square meter (sq.m.) lot and 280 sq.m. building located near the National Grid Corporation of the Philippines facility, Subic Gateway Park, SBFZ
- d) Pledge of shares of stock of Jobin

The loan agreement contains positive, negative and financial covenants which include, among others, payment of interest, strict compliance with regulatory provisions regarding internal revenue taxes and environmental requirements, and the maintenance of certain financial and project ratios. As at June 30, 2018 and December 31, 2017, Jobin has been compliant with the covenants contained in the loan agreement.

The carrying amount of long-term debt with LBP, net of unamortized debt issue cost, follows:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Loans payable	₱272,727	₱286,364
Less unamortized debt issue cost	(1,920)	(2,099)
Balances at end of period	₱270,807	₱284,265

Interest expense for the six months ended June 30, 2018 and 2017 amounted to ₱6.9 million and ₱7.4 million, respectively (see Note 27).

RTN Loan

On November 25, 2002, RTN entered into an Omnibus Agreement with Sumitomo Metal Mining Co., Ltd. (SMM), wherein the latter granted the former a loan facility amounting to US\$1.8 million at prevailing 180-day LIBOR plus 2% spread, for the construction of the pier facilities.

In July 2003, an additional loan amounting to US\$0.2 million was granted by SMM. Starting 2003, the interest on the original and additional loans is payable semi-annually on February 28 and August 31. The total principal is payable in 20 equal semi-annual installments starting February 28, 2004 up to August 31, 2013. In February 2007, RTN and

SMM agreed to an additional loan facility amounting to US\$9.0 million. Of the total loan facility, the remaining US\$0.5 million was drawn during February and March 2008. The additional loan facility is payable in semi-annual installments starting August 31, 2008 up to February 28, 2018.

In consideration, and to ensure payment of these loans, RTN assigned, transferred, and set over to SMM, absolutely and unconditionally, all of RTN's rights, title, and interest over its future receivable from CBNC under the Throughput Agreement. RTN also constituted a first ranking mortgage on the pier facilities (see Note 8).

The Omnibus Agreement provides for restrictions with respect to creation, assumption, incurrence and permission to exist any lien upon the pier facilities and all RTN's other real rights over the same except as permitted under the Omnibus Agreement. Also, the Omnibus Agreement provides for certain conditions which include, among others, maintenance and preservation of RTN's corporate existence, rights, privileges and licenses, prompt submission of written notice to SMM of any and all litigations or administrative or arbitration proceedings before any governmental authority affecting RTN. As at June 30, 2018 and December 31, 2017, RTN is in compliance with the restrictions.

Interest expense for the six months ended June 30, 2018 and 2017 amounted to ₱0.1 million and ₱0.9 million, respectively (see Notes 27 and 29).

As at June 30, 2018 and December 31, 2017, the carrying amount of long-term debt with SMM amounted to nil and ₱22.4 million, respectively (see Note 29).

14. Provision for Mine Rehabilitation and Decommissioning

Provision for mine rehabilitation and decommissioning pertains to the estimated decommissioning costs to be incurred in the future on the mined-out areas of the Group.

The Group makes a full provision for the future cost of rehabilitating mine site and related production facilities on a discounted basis on the development of mines or installation of those facilities. The rehabilitation provision represents the present value of rehabilitation costs. These provisions have been created based on the Group's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This, in turn, will depend upon future ore prices, which are inherently uncertain.

For the six months ended June 30, 2018 and 2017, accretion interest on provision for mine rehabilitation and decommissioning amounted to ₱4.5 million and ₱4.8 million respectively (see Note 27).

15. Equity

Capital Stock

The capital structure of the Parent Company follows:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Common stock - ₱0.50 par value		
Authorized - 19,265,000,000 shares		
Issued - 7,602,928,954 shares	₱3,801,465	₱3,801,465
Preferred stock - ₱0.01 par value		
Authorized and Issued - 720,000,000 shares	7,200	7,200
Total	₱3,808,665	₱3,808,665

Preferred share is voting, non-participating but with a fixed cumulative dividend rate of 7% p.a.

Issued Capital Stock

Beginning November 22, 2010, the common shares of the Parent Company were listed and traded in PSE with an initial public offering of 304,500,000 common shares (consisting of 132,991,182 shares held in treasury and new common shares of 171,508,818) with an offer price of ₱15.00 per share, which is equivalent to ₱2.67 per share after the stock dividends.

As at June 30, 2018 and December 31, 2017, 32% of the outstanding common shares of the Parent Company or a total of 2,421,737,006 common shares and 2,414,938,006 common shares, respectively, are registered in the name of eighty (80) and eighty-six (86) shareholders, respectively, while the balance of 68% or a total of 5,181,191,948 common shares and 5,187,990,948 common shares, respectively, are lodged with the Philippine Depository and Trust Corporation.

Dividends

Dividends declared and/or paid by the Parent Company follows:

Year	Type of Dividend	Date of Declaration	Date of Record	Amount Declared	Dividend per Share	Date of Payment
2018	Cash Dividends	March 14, 2018	March 28, 2018	₱912,351	₱0.12	April 10, 2018
2017	Cash Dividends	March 15, 2017	March 29, 2017	₱608,234	₱0.08	April 11, 2017

Appropriated Retained Earnings

On November 5, 2013, the Parent Company's BOD approved the appropriation of retained earnings amounting to ₱1,000.0 million, for the construction, operation and maintenance of a bunker-fired diesel power station. The project was completed in June 2018.

On November 7, 2016, the BOD of HMC approved the appropriation of retained earnings amounting to ₱41.5 million for the final mine rehabilitation and decommissioning plan and ₱67.5 million for the capital expenditures for the year 2017.

On December 7, 2017, the BOD of HMC approved the reversal of the ₱109.0 million appropriations following the completion of the purchase of mining equipment and funding of the final mine rehabilitation fund. On the same date, the BOD of HMC approved the appropriation of retained earnings amounting to ₱95.6 million for HMC's capital expenditures for the year 2018.

16. Executive Stock Option Plan (ESOP)

2018 ESOP

On April 5, 2018, the Plan was approved by the Parent Company's BOD and was ratified by the stockholders on May 28, 2018. The basic terms and conditions of the New Plan are as follows:

1. The New Plan covers up to 155.0 million shares allocated to the Parent Company's directors, officers and the officers of the operating mining subsidiaries.
2. The exercise price is ₱4.38.
3. The term of the Plan shall be five (5) years and the shares will vest to the participant yearly at a rate of 25% after the first year of the Plan or one year after execution of an Option Agreement.

2014 ESOP

On March 24, 2014, the Plan was approved by the Parent Company's BOD and was ratified by the stockholders on June 6, 2014. On November 21, 2014, the Plan was approved by the SEC. The basic terms and conditions of the Plan are as follows:

1. The Plan covers up to 32.0 million shares allocated to the Parent Company's officers and the officers of the subsidiaries.
2. The eligible participants are the directors and officers of the Parent Company and its subsidiaries, specifically those with positions of Assistant Vice President and higher, including the Resident Mine Managers of the subsidiaries.
3. The exercise price is ₱25.52, which is equivalent to ₱8.51 after the effect of stock dividends.
4. The Plan was partially granted on June 6, 2014 and January 13, 2015.
5. The term of the Plan shall be five (5) years and the shares will vest to the participant at the rate of 25% per year after the first year of the Plan or July 18, 2015.
6. The participant can exercise the vested options by giving notice within the term of the Plan, and can opt to either purchase the shares at the exercise price or request the Parent Company to advance the purchase price and to sell the shares in which case the participant will receive the sales proceeds less the exercise price.

The fair values of the stock option are ₱7.53 and ₱8.42 which were estimated as at grant date, June 6, 2014 and January 13, 2015, respectively, using the Black Scholes-Merton model, taking into consideration the terms and conditions upon which the options were granted.

The following assumptions were used to determine the fair value of the 2014 ESOP at effective grant date:

	2014 ESOP	
	January 13, 2015	June 6, 2014
Grant date	January 13, 2015	June 6, 2014
Spot price per share	₱15.63	₱28.55
Exercise price	₱8.51	₱25.52
Expected volatility	33.52%	33.28%
Option life	4.40 years	5.00 years
Dividend yield	0.58%	3.88%
Risk-free rate	3.23%	3.30%

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

There have been no modifications or cancellations for the six months ended June 30, 2018 and 2017.

The following table illustrates the number of stock options and its movements during the period:

	Number of Options	
	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
<i>2014 ESOP</i>		
Balances at January 1	55,027,152	56,222,764
Forfeited	–	(1,195,612)
Balances at end of period	55,027,152	55,027,152

The movements in the cost of share-based payment plan included in equity are as follows:

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Balances at January 1	₱137,635	₱126,622
Stock option expense (see Note 24)	1,896	11,013
Balances at end of period	₱139,531	₱137,635

17. Earnings Per Share

Basic and diluted EPS were computed as follows:

	For the six-month period ended June 30	
	2018	2017
	(Unaudited)	
a. Net income attributable to equity holders of the Parent	₱1,568,679	₱1,535,149
b. Weighted average number of common shares for basic EPS (in thousands)	7,602,929	7,602,929
c. Weighted average number of common shares adjusted for the effect of dilution (in thousands)	7,602,929	7,602,929
Basic/Diluted EPS	₱0.21	₱0.20

18. Cost of Sale of Ore

	For the six-month period ended June 30	
	2018	2017
	(Unaudited)	
Production overhead	₱1,428,955	₱1,174,443
Outside services	729,524	755,116
Personnel costs (see Note 24)	528,929	457,525
Depreciation, amortization and depletion (see Note 25)	418,617	502,871
Long-term stockpile inventory sold (see Note 11)	184,198	94,526
	3,290,223	2,984,481
Net changes in beneficiated nickel ore and limestone	(30,069)	63,458
	₱3,260,154	₱3,047,939

Production overhead consists of fuel, oil and lubricants, materials and supplies, equipment rentals and other miscellaneous charges.

Outside services pertain to services offered by the contractors related to the mining activities of the Group. These services include, but are not limited to, hauling, stevedoring, maintenance, security and equipment rental.

19. Cost of Services

For the six-month period ended June 30		
	2018	2017
	(Unaudited)	
Personnel costs (see Note 24)	₱52,589	₱49,217
Depreciation (see Note 25)	49,641	54,490
Overhead	40,408	37,848
Equipment operating cost	37,784	30,851
Outside services	5,243	4,424
	₱185,665	₱176,830

Equipment operating cost includes interest expense amounting to ₱23.9 million and ₱20.9 million for the six months ended June 30, 2018 and 2017, respectively (see Note 13).

20. Cost of Power Generation

For the six-month period ended June 30		
	2018	2017
	(Unaudited)	
Depreciation and amortization (see Note 25)	₱80,340	₱35,692
Overhead	25,955	18,267
Purchased power	23,295	28,892
Distribution wheeling service charges	8,514	–
Personnel costs (see Note 24)	6,593	5,336
Outside services	3,992	6,234
Materials and supplies	374	358
	₱149,063	₱94,779

Overhead in cost of power generation consists of insurance, taxes and licenses, utilities and other miscellaneous charges.

21. Shipping and Loading Costs

For the six-month period ended June 30		
	2018	2017
	(Unaudited)	
Contract fees	₱512,399	₱450,269
Fuel, oil and lubricants	122,977	81,653
Depreciation and amortization (see Note 25)	70,505	89,963
Other services and fees	61,117	41,303
Personnel costs (see Note 24)	41,037	34,670
Materials and supplies	40,558	51,943
	₱848,593	₱749,801

22. Excise Taxes and Royalties

	For the six-month period ended June 30	
	2018	2017
	(Unaudited)	
Excise taxes	₱277,541	₱147,994
Royalties	366,911	353,820
	₱644,452	₱501,814

23. General and Administrative Expenses

	For the six-month period ended June 30	
	2018	2017
	(Unaudited)	
Personnel costs (see Note 24)	₱176,889	₱155,650
Taxes and licenses	49,363	27,541
Depreciation and amortization (see Note 25)	37,118	26,989
Entertainment, amusement and recreation	36,515	6,038
Outside services	27,094	23,014
Professional fees	26,624	26,559
Transportation and travel	15,097	10,799
Repairs and maintenance	14,487	11,407
Communications, light and water	6,876	7,026
Others	103,902	80,137
	₱493,965	₱375,160

Other general and administrative expenses are composed of other service fees and other numerous transactions with minimal amounts.

24. Personnel Costs

	For the six-month period ended June 30	
	2018	2017
	(Unaudited)	
Salaries, wages and employee benefits	₱804,141	₱695,431
Cost of share-based payment plan (see Note 16)	1,896	6,967
	₱806,037	₱702,398

The amounts of personnel costs are distributed as follows:

For the six-month period ended June 30		
	2018	2017
	(Unaudited)	
Cost of:		
Sale of ore (see Note 18)	₱528,929	₱457,525
Services (see Note 19)	52,589	49,217
Power generation (see Note 20)	6,593	5,336
General and administrative (see Note 23)	176,889	155,650
Shipping and loading costs (see Note 21)	41,037	34,670
	₱806,037	₱702,398

25. Depreciation, Amortization and Depletion

The amounts of depreciation, amortization and depletion expense, including capitalized depreciation, are distributed as follows:

For the six-month period ended June 30		
	2018	2017
	(Unaudited)	
Cost of:		
Sale of ore (see Note 18)	₱418,617	₱502,871
Services (see Note 19)	49,641	54,490
Power generation (see Note 20)	80,340	35,692
Shipping and loading costs (see Note 21)	70,505	89,963
General and administrative (see Note 23)	37,118	26,989
Others	1,659	43,969
	₱657,880	₱753,974

26. Finance Income

For the six-month period ended June 30		
	2018	2017
	(Unaudited)	
Interest income (see Note 7)	₱160,299	₱143,354
Gain on sale of AFS financial assets	46,208	7,814
	₱206,507	₱151,168

27. Finance Expenses

	For the six-month period ended June 30	
	2018	2017
	(Unaudited)	
Interest expense on:		
Long-term debts (see Note 13)	₱43,059	₱82,039
Pension	2,980	2,436
Long-term payable	577	661
Short-term debt (see Notes 13 and 29)	–	4,300
Guarantee service fee (see Note 29)	33,030	32,789
Accretion of interest on provision for mine rehabilitation and decommissioning (see Note 14)	4,538	4,779
	₱84,184	₱127,004

28. Other Income (Charges) - Net

	For the six-month period ended June 30	
	2018	2017
	(Unaudited)	
Foreign exchange gains - net	₱525,371	₱166,521
Demurrage	(79,316)	(7,758)
Dividend income (see Note 7)	27,430	26,671
Management fee	(10,706)	(11,594)
Other services	7,783	923
Gain (loss) on:		
Write-off of trade and other receivables	(7,363)	–
Sale of property and equipment	270	(5,620)
Reversal of impairment losses on property and equipment	–	12,825
Reversal of impairment losses on inventories (see Note 6)	–	2,019
Write-off of input VAT	–	(14)
Rentals and accommodations	6,374	6,420
Issuance of fuel, oil and lubricants	227	(6,393)
Others	29,039	29,976
	₱499,109	₱213,976

29. Related Party Transactions

Set out below are the Group's transactions with related parties for the six-month period ended June 30, 2018 and 2017, including the corresponding assets and liabilities arising from the said transactions as at June 30, 2018 (Unaudited) and December 31, 2017 (Audited):

	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debts (see Note 13)		Terms	Conditions
	June 30, 2018	June 30, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017		
<i>Stockholders</i>														
Pacific Metals Co., Ltd.														
Sale of ore	₱835,093	₱1,291,339	₱258,739	₱113,209	₱-	₱141	₱-	₱-	₱-	₱-	₱-	₱-	90% upon receipt of documents and 10% after the final dry weight and applicable assay have been determined; noninterest-bearing	Unsecured; no guarantee
Despatch	1,653	318	464	405	-	-	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
SMM/Sumitomo Metal Mining Philippine Holdings Corporation														
Guarantee service fee (see Note 27)	33,030	32,789	-	-	21,580	21,086	-	-	-	-	-	-	Every twenty first (21st) of February, March, August and September	Unsecured

(Forward)

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debts (see Note 13)		Terms	Conditions
	June 30, 2018	June 30, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017		
SMM/Sumitomo Metal Mining Philippine Holdings Corporation														
Loan facility	P-	P-	P-	P-	P-	P-	P-	P-	P-	P-	P-	₱22,369	Principal is payable in semi-annual installments, interest is based on 180-day British Banker Association LIBOR plus 2% spread	Secured; with guarantee
Short-term advances	1,250	26,731	-	-	-	-	-	-	28,000	28,000	-	-	Collectible upon billing/payable on demand; noninterest-bearing	Unsecured; no guarantee
Interest expense on long-term debt (see Notes 13 and 27)	137	923	-	-	-	182	-	-	-	-	-	-	Payable semi-annually on February 28 and August 31	Secured; with guarantee
Nickel Asia Holdings Inc.														
Short-term advances	1	1	-	-	-	-	-	-	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debts (see Note 13)		Terms	Conditions
	June 30, 2018	June 30, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017		
<i>With Common Stockholders</i>														
Manta Equities, Inc.														
Rentals, dues and utilities	₱15,380	₱14,194	₱-	₱-	₱5,645	₱193	₱-	₱-	₱-	₱-	₱-	₱-	Payable upon billing; noninterest-bearing	Unsecured; no guarantee
Rental deposits	10,184	10,205	-	-	-	-	-	-	-	-	-	-	Collectible at the end of the lease; noninterest bearing	Unsecured; no guarantee
Interest expense on short-term debt (see Note 27)	-	4,300	-	-	-	-	-	-	-	-	-	-	Interest is payable at the end of loan agreement	Unsecured; no guarantee
Sale of power	13,949	14,198	2,753	2,506	-	-	-	-	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
<i>Associates</i>														
CBNC														
Sale of ore and limestone	962,242	635,777	207,829	102,830	-	-	-	-	-	-	-	-	Seven (7) to thirty (30) days; noninterest-bearing	Unsecured; no guarantee
Materials handling	95,702	80,798	41,241	28,187	-	-	-	-	-	-	-	-	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
Infralase and throughput	10,370	25,686	8,003	30,936	-	-	-	-	-	-	-	-	Collectible at the end of February and August; noninterest-bearing	Unsecured; no guarantee
(Forward)														

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debts (see Note 13)		Terms	Conditions
	June 30, 2018	June 30, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017		
CBNC														
Other income	₱25,844	₱23,971	₱28,155	₱9,743	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	Collectible on demand; noninterest-bearing	Unsecured; no guarantee
THNC														
Sale of ore	1,300,501	657,156	229,324	168,162	-	-	-	-	-	-	-	-	Thirty (30) days term, noninterest-bearing	Unsecured; no guarantee
Materials handling	126,226	149,882	41,465	28,418	-	-	-	-	-	-	-	-	Collectible on demand; noninterest bearing	Unsecured; no guarantee
Rendering of service	71,775	69,491	35,716	33,433	-	-	-	-	-	-	-	-	Semi-annual term; noninterest-bearing	Unsecured; no guarantee
Rental income	3,352	3,352	333	-	-	-	-	-	-	-	-	-	Collectible on demand; noninterest bearing	Unsecured; no guarantee
Rental deposit	-	-	-	-	3,352	3,352	-	-	-	-	-	-	Collectible at the end of the lease term; noninterest bearing	Unsecured; no guarantee
Loan facility	-	-	-	-	-	-	-	-	-	-	1,213,485	1,179,596	Principal is payable in semi-annual installments, interest is based on one hundred eighty (180)-day British Banker Association LIBOR plus 2% spread	Unsecured; with guarantee

(Forward)

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	Amount		Trade and Other Receivables (see Note 5)		Trade and Other Payables		Amounts Owed by Related Parties (see Note 5)		Amounts Owed to Related Parties		Long-term Debts (see Note 13)		Terms	Conditions
	June 30, 2018	June 30, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017		
THNC														
Rendering of other services	₱-	₱1,549	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱-	Collectible upon billing; non-interest bearing	Unsecured; no guarantee
Short-term advances	-	-	-	-	-	-	7,768	6,666	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
Interest expense on long-term debt (see Notes 13 and 19)	23,950	20,913	-	-	9,889	7,656	-	-	-	-	-	-	Payable semi-annually on April 10 and October 10	Unsecured; no guarantee
<i>Affiliates</i>														
Orka Geothermal Holdings, Inc.														
Short-term advances	1	-	-	-	-	-	667	666	-	-	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
OGI														
Short-term advances	-	-	-	-	-	-	-	-	1,121,062	1,121,062	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
BGHI														
Short-term advances	-	-	-	-	-	-	19	19	4,194,305	4,194,305	-	-	Collectible upon billing; noninterest-bearing	Unsecured; no guarantee
			₱854,022	₱517,829	₱40,466	₱32,610	₱8,454	₱7,351	₱5,343,367	₱5,343,367	₱1,213,485	₱1,201,965		

Terms and Conditions of Transactions with Related Parties

All sales to and purchases from related parties are made at prevailing market prices. Outstanding balances as at June 30, 2018 and December 31, 2017 pertain to the extension and receipt of advances to and from related parties and these are unsecured, short-term, interest-free and settlement occurs in cash.

Compensation of Key Management Personnel

The Group considers as key management personnel all employees holding managerial positions up to the chairman. The short-term benefits of key management personnel of the Group for the six months ended June 30, 2018 and 2017 amounted to about ₱119.1 million and ₱107.1 million, respectively.

Intercompany Guarantees

As discussed in Note 13, the Parent Company has entered into a Continuing Suretyship Agreement with SBC covering the loan obtained by EPI.

On October 15, 2015, EPI has issued a continuing guarantee to a vendor until the guaranteed amounts as defined in the vendor contract has been paid in full.

Except for the guarantee on the CBNC and THNC Loan Obligations and the EPI loan from SBC, there have been no guarantees received or provided for any related party receivables or payables, respectively.

30. Income Taxes

The provision for (benefit from) income tax shown in the interim consolidated statements of income includes:

	For the six-month period ended June 30	
	2018	2017
	(Unaudited)	
Current	₱752,013	₱994,273
Deferred	67,245	(60,024)
	₱819,258	₱934,249

31. Financial Instruments

The following method and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such values:

Cash and Cash Equivalents

The carrying amount of cash and cash equivalents approximates its fair value due to the short-term nature and maturity of these financial instruments.

Trade and Other Receivables and Trade and Other Payables

Similarly, the carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to the short-term nature of these accounts.

Loan Receivable

The carrying amount of loan receivable, which is the transaction price, approximates its fair value.

Long-term Negotiable Instruments

The carrying amount long-term negotiable instruments approximate their fair values since interest are earned based on long-term cash investment rates.

AFS Financial Assets

The fair values were determined by reference to market bid quotes as at the end of the financial reporting period. For unquoted equity securities for which no reliable basis of fair value measurement is available, these are carried at cost, less any impairment losses.

Long-term Debts and Long-term Payable

The fair values of long-term debts and long-term payable are based on the present value of future cash flows discounted using applicable risk free rates for similar types of loans adjusted for credit risk.

Fair Value Hierarchy of Financial Instruments

The Group uses the following hierarchy for determining and disclosing the fair value by valuation technique:

- Quoted prices in active markets for identical asset or liability (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability; either directly (as prices) or indirectly (derived from prices; Level 2); and
- Those inputs for assets or liability that are not based on observable market data (unobservable inputs; Level 3).

As at June 30, 2018 and December 31, 2017, the Group's AFS financial assets are classified under Level 1 and 3.

As at June 30, 2018 and December 31, 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

32. Business Segment Information

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The mining segment is engaged in the mining and exploration of nickel saprolite and limonite ore and limestone.

The services segment is engaged in the chartering out of LCT, construction and rendering of services to CBNC, THNC and other parties.

The power segment is engaged in power generation and exploration for geothermal resources.

The Group's identified reportable segments are consistent with the segments reported to the BOD, which is the Chief Operating Decision Maker of the Group.

Financial information on the operation of the various business segments are set out on next page.

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	June 30, 2018 (Unaudited)											Total
	Mining					Power		Services			Eliminations	
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC	HMC	Others		
External customers	537,013	835,204	3,068,629	2,496,792	-	129,487	-	308,452	-	-	-	7,375,577
Inter-segment revenues	-	-	-	-	-	-	-	-	1,537	273,077	(274,614)	-
Total revenues	537,013	835,204	3,068,629	2,496,792	-	129,487	-	308,452	1,537	273,077	(274,614)	7,375,577
Cost of sale of ore	329,002	426,320	1,256,809	1,248,023	-	-	-	-	-	-	-	3,260,154
Cost of services	-	-	-	-	-	-	-	185,665	-	-	-	185,665
Cost of power generation	-	-	-	-	-	149,063	-	-	-	-	-	149,063
Shipping and loading costs	172,966	167,424	321,460	193,349	-	-	-	-	(6,606)	-	-	848,593
Excise taxes and royalties	48,366	163,249	306,863	124,839	-	1,135	-	-	-	-	-	644,452
Marketing	1,127	29,232	7,667	-	-	-	-	-	-	-	-	38,026
Segment operating earnings (losses)	(14,448)	48,979	1,175,830	930,581	-	(20,711)	-	122,787	8,143	273,077	(274,614)	2,249,624
General and administrative	48,169	15,884	69,292	44,281	52,287	77,891	21,386	-	-	164,775	-	493,965
Finance income	1,110	13,301	14,398	14,120	23	67	145	-	-	163,343	-	206,507
Finance expenses	-	1,395	1,960	2,715	-	42,923	7,363	-	-	27,828	-	84,184
Provision for (benefit from) income tax	8,785	9,687	344,849	270,283	-	(308)	-	-	(1,427)	187,389	-	819,258
Net income (loss) attributable to equity holders of the parent	(75,990)	49,463	616,131	501,318	(52,384)	(120,617)	(28,604)	-	-	679,362	-	1,568,679
Segment assets	1,550,673	2,421,489	9,652,715	4,603,228	1,237,022	11,720,057	890,222	-	40,915	14,521,558	-	46,637,879
Deferred income tax assets - net	38,883	26,311	52,076	29,699	22,534	-	-	-	-	-	-	169,503
Total assets	1,589,556	2,447,800	9,704,791	4,632,927	1,259,556	11,720,057	890,222	-	40,915	14,521,558	-	46,807,382
Segment liabilities	296,203	448,718	2,728,246	954,510	128,335	7,267,168	921	-	-	351,700	-	12,175,801
Deferred income tax liabilities - net	-	-	-	129,312	164,105	112,518	-	-	18,988	253,619	-	678,542
Total liabilities	296,203	448,718	2,728,246	1,083,822	292,440	7,379,686	921	-	18,988	605,319	-	12,854,343
Capital expenditures	98,739	180,859	279,845	104,113	20,674	3,816	5,280	-	-	27,343	-	720,669
Depreciation, amortization and depletion	113,559	84,973	277,724	67,040	11,162	83,751	2,614	-	4,756	12,301	-	657,880

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	December 31, 2017 (Audited)												
	Mining					Power		Services			Eliminations	Total	
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC	HMC	Others			
External customers	P2,326,086	P2,248,439	P5,728,026	P4,594,530	P-	P212,152	P-	P630,063	P-	P-	P-	P-	P15,739,296
Inter-segment revenues	-	-	-	-	-	-	-	-	3,976	550,635	-	-	-
Total revenues	2,326,086	2,248,439	5,728,026	4,594,530	-	212,152	-	630,063	3,976	550,635	(554,611)	-	15,739,296
Cost of sale of ore	931,522	846,174	2,184,112	2,071,433	-	-	-	-	-	-	-	-	6,033,241
Cost of services	-	-	-	-	-	-	-	351,339	-	-	-	-	351,339
Cost of power generation	-	-	-	-	-	257,276	-	-	-	-	-	-	257,276
Shipping and loading costs	447,781	379,990	505,921	283,205	-	-	-	-	9,513	-	-	-	1,626,410
Excise taxes and royalties	162,826	344,781	458,242	137,837	-	-	-	-	-	-	-	-	1,103,686
Marketing	4,272	78,695	8,748	4,749	-	-	-	-	-	-	-	-	96,464
Segment operating earnings (losses)	P779,685	P598,799	P2,571,003	P2,097,306	P-	(P45,124)	P-	P278,724	(P5,537)	P550,635	(P554,611)	-	P6,270,880
General and administrative	P87,442	P36,480	P125,379	P59,073	P69,898	P117,647	P27,400	P-	P-	P339,834	P-	P-	P863,153
Finance income	P5,978	P30,574	P34,594	P31,398	P85	P903	P-	P-	P-	P212,771	P-	P-	P316,303
Finance expenses	P2,757	P5,531	P13,014	P9,956	P1,067	P143,142	P-	P-	P-	P71,148	P-	P-	P246,615
Provision for (benefit from) income tax	P146,220	P140,563	P721,040	P611,662	P15,258	(P11,646)	P-	P-	(P2,854)	P116,613	P-	P-	P1,736,856
Net income (loss) attributable to equity holders of the parent	P500,093	P416,018	P1,328,377	P1,019,140	(P86,635)	(P193,171)	(P27,398)	P-	P-	(P185,656)	P-	P-	P2,770,768
Segment assets	P1,615,725	P2,278,744	P9,305,400	P4,760,082	P1,209,246	P11,816,229	P836,478	P-	P33,592	P13,548,509	P-	P-	P45,404,005
Deferred income tax assets	47,738	32,692	85,256	63,429	52,108	-	-	-	-	51,871	-	-	333,094
Total assets	P1,663,463	P2,311,436	P9,390,656	P4,823,511	P1,261,354	P11,816,229	P836,478	P-	P33,592	P13,600,380	P-	P-	P45,737,099
Segment liabilities	P264,974	P386,564	P2,221,117	P1,004,573	P121,480	P7,340,591	P7,790	P-	P-	P404,948	P-	P-	P11,752,037
Deferred income tax liabilities - net	3,839	5,542	15,412	218,451	193,679	112,826	-	-	20,415	196,710	-	-	766,874
Total liabilities	P268,813	P392,106	P2,236,529	P1,223,024	P315,159	P7,453,417	P7,790	P-	P20,415	P601,658	P-	P-	P12,518,911
Capital expenditures	P80,245	P210,998	P341,973	P86,517	P81,642	P637,543	P27,607	P-	P-	P27,933	P-	P-	P1,494,458
Depreciation, amortization and depletion	P265,899	P150,875	P549,083	P310,915	P7,866	P161,027	P2,472	P-	P9,513	P22,395	P-	P-	P1,480,045

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	June 30, 2017 (Unaudited)											
	Mining					Power		Services			Eliminations	Total
	HMC	CMC	TMC	RTN	DMC	EPI	NAC	RTN/TMC	HMC	Others		
External customers	887,927	845,679	2,694,832	2,971,286	-	101,347	-	320,411	-	-	-	7,821,482
Inter-segment revenues	-	-	-	-	-	-	-	-	3,976	268,757	(272,733)	-
Total revenues	887,927	845,679	2,694,832	2,971,286	-	101,347	-	320,411	3,976	268,757	(272,733)	7,821,482
Cost of sale of ore	381,088	414,905	1,222,297	1,029,649	-	-	-	-	-	-	-	3,047,939
Cost of services	-	-	-	-	-	-	-	176,830	-	-	-	176,830
Cost of power generation	-	-	-	-	-	94,779	-	-	-	-	-	94,779
Shipping and loading costs	174,858	153,207	234,303	182,676	-	-	-	-	4,757	-	-	749,801
Excise taxes and royalties	62,155	133,395	215,587	89,138	-	1,539	-	-	-	-	-	501,814
Marketing	-	29,599	2,589	4,749	-	-	-	-	-	-	-	36,937
Segment operating earnings (losses)	269,826	114,573	1,020,056	1,665,074	-	5,029	-	143,581	(781)	268,757	(272,733)	3,213,382
General and administrative	38,699	13,110	55,657	33,417	28,687	56,022	-	-	-	149,568	-	375,160
Finance income	1,379	14,204	14,104	16,091	61	745	-	-	-	104,584	-	151,168
Finance expenses	-	1,181	2,167	3,534	-	85,417	-	-	-	34,705	-	127,004
Provision for (benefit from) income tax	50,014	23,320	303,282	485,642	-	(308)	-	-	(1,427)	73,726	-	934,249
Net income (loss) attributable to equity holders of the parent	183,269	96,577	564,527	786,891	(28,766)	(75,425)	(10,351)	-	-	18,427	-	1,535,149
Segment assets	1,962,945	2,426,630	9,742,617	5,894,389	1,125,662	11,865,898	795,097	-	26,416	13,095,505	-	46,935,159
Deferred income tax assets - net	33,843	23,597	64,527	27,460	37,758	-	-	-	-	-	-	187,185
Total assets	1,996,788	2,450,227	9,807,144	5,921,849	1,163,420	11,865,898	795,097	-	26,416	13,095,505	-	47,122,344
Segment liabilities	435,229	415,883	2,650,669	1,297,100	61,019	8,987,813	1,111	-	-	378,141	-	14,226,965
Deferred income tax liabilities - net	-	-	-	205,554	164,105	124,493	-	-	21,842	176,401	-	692,395
Total liabilities	435,229	415,883	2,650,669	1,502,654	225,124	9,112,306	1,111	-	21,842	554,542	-	14,919,360
Capital expenditures	59,084	171,632	176,528	94,040	53,095	505,678	16,383	-	-	16,056	-	1,092,496
Depreciation, amortization and depletion	133,133	73,344	282,896	186,798	3,320	62,838	473	-	-	11,172	-	753,974

The Group has revenues from external customers as follows:

Country of Domicile	For the six-month period ended June 30	
	2018	2017
	(Unaudited)	
China	₱3,785,233	₱4,760,895
Local	2,755,251	1,769,247
Japan	835,093	1,291,340
	₱7,375,577	₱7,821,482

The revenue information above is based on the location of the customers.

Revenue arising from two key customers for the sale of ores amounted to ₱4,350.0 million and ₱4,336.7 million for the six months ended June 30, 2018 and 2017, respectively.

The Group has noncurrent assets consisting of property and equipment and investment properties located in the Parent Company's country of domicile amounting to ₱15,480.2 million and ₱15,418.9 million as at June 30, 2018 and December 31, 2017, respectively.

PROXY

The undersigned stockholder of **NICKEL ASIA CORPORATION** (the "Company") hereby appoints _____ or in his absence, the Chairman of the meeting, as attorney-in-fact or proxy, with power of substitution, to represent and vote all shares registered in his/her name as proxy of the undersigned stockholder, at the **Special Meeting of Stockholders** of the Company to be held on **Tuesday, 9 October 2018, 2:00 p.m. at Narra Room D, Level 4, Shangri-La at the Fort, 30th Street corner 5th Avenue, Bonifacio Global City, Taguig City** and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of 80% Stock Dividend Declaration
 Yes No Abstain
2. Approval of the Proposed Amendments to the Company's By-Laws
 Yes No Abstain
3. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting.

Date

Printed Name of Stockholder

Signature of Stockholder/ Authorized Signatory

This proxy should be received by the Corporate Secretary on or before **02 October 2018**, the deadline for submission of proxies.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted "for" the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by management or the board of directors.

A proxy submitted by a corporation should be accompanied by a Corporate Secretary's Certificate quoting the board resolution designating a corporate officer to execute the proxy. Proxies executed by brokers must be accompanied by a certification under oath stating that the broker has obtained the written consent of the account holder.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expresses his intention to vote in person. This proxy shall be valid for five (5) years from the date hereof unless otherwise indicated in the box herein provided.

No director or executive officer, nominee for election as director, or associate of such director, executive officer or nominee of the Company, at any time since the beginning of the last fiscal year, has any substantial interest, direct or indirect by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.